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The Presence of the Turkish Private Sector in the Kurdistan Region of Iraq

by

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A thesis submitted in partial fulfillment of the requirements for the degree of
Doctor of Philosophy in Politics and International Studies

The University of Warwick

Department of Politics and International Studies,

January, 2016

Contents

Acknowledgements.....	5
Declaration and Inclusion of Material from a Prior Thesis	7
Abstract.....	8
Acronyms and Abbreviations	10
1. Introduction.....	13
Introduction.....	13
Research methodology.....	18
Structure of thesis	24
2. Review of the literature.....	28
Introduction.....	28
Traditional approaches to security	28
Critical approaches to security.....	34
Human security	48
Economic security – synthesizing literatures.....	63
Conclusion	95
3. Contextual Framework.....	97
Introduction.....	97
Understanding Turkish foreign policy	99
Turkey’s relations with the Middle East.....	115
Ankara-Baghdad-Erbil relations	116
Development of the Turkish economy during the AK party government	127
Overview of business associations and key sectors in Turkey that relate to this thesis	132
The KRG’s quest to establish a friendly business environment in the KRI	135
Conclusion	143
4. Impact of the Turkish Construction Sector on Economic Security in the KRI	145
Introduction.....	145
Infrastructure development in the KRI	145
Presence of the Turkish construction sector in the KRI	148
Economic security spectrum findings	151
Conclusion	199

5. Impact of the Turkish Export Sector and Associated Business Initiatives on Economic Security in the KRI	202
Introduction.....	202
The KRI's overdependence on imports	202
Presence of the Turkish exports sector and associated business initiatives in the KRI	205
Economic security spectrum findings	208
Conclusion	254
 6. Conclusion	 256
Introduction.....	256
Thesis statement and research questions.....	258
Main findings of the thesis.....	259
Implications of the research findings	285
Recommendations for further research topics	291
Final observations	296
 Bibliography	 301
Appendices.....	395
Appendix 1: Interview Question Example: Turkey-Based Interview.....	395
Appendix 2: List of interviewees (in order of newest interviews to oldest)	396
Endnotes.....	404
 List of Illustrations	
Figure 1: Main Concepts of Human Security.....	51
Figure 2: Possible Types of Human Security Threats.....	53

to Ela Nora with love

Acknowledgements

First and foremost, I would like to thank my mom and dad for their endless love and encouragement. I will be forever grateful for their guidance and their never-ending pursuit of knowledge and justice in the face of adversity. My dad has always been a major source of inspiration and moral support. My dear husband, Firat Fidan, has been by my side since we first built homes for economically vulnerable families in Rio Bravo, Mexico. Thank you for believing in me. The love I have for my sweet daughter, Ela Nora, is unparalleled to any love I have known. She has reinvigorated my belief in humanity and reinforced the urgency in pursuing peace and social justice.

There are two gentlemen for whom I have great respect and appreciation: Mr. Ustun Erguder and Mr. Sabri Sayari. I might not have pursued a PhD if it were not for their encouragement.

I would like to thank the following friends for providing critical insight into my research area and support for my project: Dilshad O. Abubakir, Toon Bijmens, Brittainy Boessel, Aislyn Griffin, Busra Gunaydin, Stefan Haid, Fazel Hawramy, Deniz Kutlu, Hemin Sultan, Dayna Tellibayraktar, and Audrey Watne. I would also like to acknowledge Vanessa Larson, Joanne Yilidirim, and Ruthie Cansiz for their incredible editing skills.

I am extremely thankful to Professor Stuart Croft and Professor George Christou for their incredible support. I could not have completed this dissertation without their guidance.

I benefited immensely from presenting to a number of academic conferences and workshops, including the University of Coventry Human Security Conference in Istanbul in 2015, University of Warwick Development Research Strand and the Hollings Center in Istanbul in 2015, American University and the Peace and Economics

Institute in Washington, DC in 2015 and the University of Coventry Human Security Conference in Istanbul in 2014. I also received critical insight by presenting to a variety of policy-oriented groups, including the World Affairs Council of Chicago and the Atlantic Council of the U.S. in Washington, DC in 2015.

I would also like to thank everyone who gave me their time and agreed to allow me to interview them. I understand the past few years have been difficult and I greatly appreciate their insight.

Undertaking this research project showed me how important it is to support women in both academic and policy circles. Initiatives like *Foreign Policy Interrupted*, *Women in Foreign Policy (Global)*, *Women in Foreign Policy (Turkey)*, and *Women's Foreign Policy Group* are important outlets that highlight women's voices. I would like to thank my fellow Interrupters for their support, Zeynep Alemdar, Rana Birden, and Lauren Bohn.

Finally, I would like to dedicate my dissertation to the incredible women who have made my life richer by their friendship. Having grown up in a very masculine and military-oriented community, it brings me great happiness knowing that my own daughter has already witnessed a diverse array of leadership styles and is surrounded by committed peacebuilders.

Istanbul, January 2016

Declaration and Inclusion of Material from a Prior Thesis

This thesis is the candidate's own work and is based on research conducted since the candidate started her studies for a Ph.D. in the Department of Politics and International Studies at the University of Warwick. The thesis includes versions of compositions that were accepted for publication before the thesis was completed, by the following institutions: *Center for Middle Eastern Strategic Studies*, *Invest in Group*, *Turkish Policy Quarterly*, and the *Washington Institute for Near East Policy*. None of the work herein has been submitted for a degree at another university.

Abstract

How do practices guiding the engagement of the international private sector in fragile and conflict-affected states emerge, and who are the important actors and institutions in this process? Using a human security framework, this thesis seeks to apply critical security studies by taking a closer look at the role of the Turkish private sector in the Kurdistan Region of Iraq. This thesis argues that the international private sector can be a vital tool to enhance human security, in particular economic security, in fragile and conflict-affected states. However, without a regulatory environment for the private sector to follow “best practices,” it is largely at the discretion of each business to adopt measures to enhance human security. In this light, this thesis presents the conditions that either enhance or constrain economic security following the intervention of the international private sector. The central findings suggest the Turkish private sector enhanced certain economic security areas such as infrastructure recovery and restoration of access to basic services, the dismantling of a war economy and illegal economic networks, and expansion of opportunities for people through training, skills development and empowerment. The central findings also suggest the Turkish private sector constrained economic security in the areas of job creation or to the establishment of public and private sector employment, wage employment and self-employment. The impact of the Turkish private sector on public-private relations appeared to have had a mixed impact. Moreover, there were some economic security conditions such as basic income and poverty alleviation, rehabilitation and diversification of the agriculture sector, development of productive activities for ex-combatants, returnees and impoverished groups, provision of microfinance opportunities, clarification of property rights, macroeconomic development, and provision of well-coordinated, predictable,

and multifaceted aid, where the Turkish private sector appeared to have had little impact if any at all.

Acronyms and Abbreviations

AFAD	Disaster and Emergency Management Authority (Turkey)
AKP	(Adalet ve Kalkinma Partesi) Justice and Development Party (Turkey)
BOI	Board of Investment, KRG (Iraq)
CPA	Coalition Provisional Authority
DDR	Disarmament, Demobilization, and Reintegration
EC	European Community
ESX	Erbil Stock Exchange (Iraq)
EU	European Union
FAO	United Nations Food and Agriculture Organization
FCS	Fragile and Conflict-Affected State
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GPI	Global Peace Index
HCD	Human Capital and Human Capital Development
HDR	Human Development Report
ICIGI	Pre-Import Inspection, Testing and Certification Program of Goods into Iraq
IDP	Internally Displaced Person
IEP	Institute for Economics and Peace

ILO	International Labour Organization
IOM	International Organization for Migration
ISO	International Organization for Standardization
JICA	Japan International Cooperation Agency
KDP	Kurdistan Democratic Party (Iraq)
KRG	Kurdistan Regional Government (Iraq)
KRI	Kurdistan Region of Iraq
KRSO	Kurdistan Regional Statistics Organization
MOP	Ministry of Planning, KRG (Iraq)
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
PKK	(Partiya Karkeren Kurdistan) Kurdistan Workers Party (Turkey)
PTSD	Post-Traumatic Stress Disorder
PUK	Patriotic Union of Kurdistan (Iraq)
R2P	Responsibility to Protect
SME	Small and Medium-Sized Enterprise
SOFA	Status of Forces Agreement
SSPC	Social Security and Pensions Contributions
TIKA	Turkish Cooperation and Coordination Agency
TIM	(Türkiye İhracatçılar Meclisi) Turkish Exporters Assembly

TMB	(Turkiye Muteahhitler Birligi) Turkish Contractors' Association
TOBB	Turkey's Union of Chambers and Commodities Exchanges
UN	United Nations
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development
YPG	People's Protection Units (Syria)
WWI	World War I
WWII	World War II

Chapter 1 – Introduction

Chapter 1 serves as the introduction to this thesis and provides a brief overview of the context of the research project, which will be expanded upon in Chapter 3, titled Contextual Framework, and an assessment of the methodological approaches. More specifically, Chapter 1, will present the central research question, timeframe, the unit of analysis, research methodology, and the structure of the thesis.

Introduction

This research project concentrates on the diverse forms of engagement of the Turkish private sector in the Kurdistan Region of Iraq (KRI) under Turkey's Justice and Development Party (AKP) from 2004 until 2014. As will be mentioned in the chapter, titled Contextual Framework, traditional security perspectives have largely dominated analysis of relations between Turkey and the Kurdistan Regional Government (KRG) of Iraq. Turkey has historically been concerned about the prospect of a Kurdish nation emerging within Turkey, or the materialization of an autonomous Kurdish region on its border with Iraq; the relentless fighting between the military and the PKK¹; the PKK's apparent safe haven in the Qandil Mountains of the KRI; the internal discontent of its own Kurdish population; the insecurity of the Iraqi Turkmen; and, lastly, the territorial integrity of Iraq. The termination of the United Nations' economic sanctions on Iraq, and the end of the Ba'athist regime's internal sanctions on the KRI, along with the KRG's creation of a liberal business environment, particularly for the international private sector, after the U.S.-led invasion of Iraq in 2003 unlocked the region to trade freely with its neighbors. The formal recognition of the Kurdistan Region in the Iraqi Constitution in 2005 was a significant development for Turkey-KRG economic relations. The acknowledgement of the KRG as a legitimate governing body allowed

Turkish companies to negotiate and sign agreements within the legal framework of government agencies in the KRG without the need for approval from the central government in Baghdad. The close proximity of the KRI market, consumer demand for new goods, and the trans-border mercantile culture of companies in Turkey and the KRI contributed to the rapid expansion of Turkey-KRG relations (Olson 2006, Barkey 2005, Park 2005, Gorener 2008). The determination of the KRG to establish a liberal business and investment climate, coupled with the entrepreneurial spirit of the Turkish private sector and the normalization of relations between Ankara and Erbil, have resulted in significant economic cooperation that would have been unthinkable a decade ago.

The accomplishments of the peoples of the KRI over the last decade have been extraordinary. Transitioning from a period that was mainly focused on protecting and defending the KRI during the Saddam regime, to the establishment of a power-sharing government, significant economic development, and then a return back to defending the region from Daesh, all posed severe human security challenges. However, with the courage and commitment of the people of the KRI, a substantial economic security framework was created that could be built upon. With the region's rising young population and subsequent high demand for energy, access to high-quality education and job creation, will ensure future generations are safeguarded from shocks related to economic and humanitarian crises in the region. With the support of key international development organizations, such as the United Nations (UN), the KRG implemented strategies to ensure a streamlined approach to socioeconomic development. A constructive partnership with the Turkish business community resulted in the revival and manifold enhancements to the physical infrastructure of the KRI. New hospitals, water and sanitation projects, reliable electric power-generation, schools, housing

complexes, bridges, roads, and international airports propelled the KRI on a trajectory to enhance human security. The Turkish private sector exported an array of products such as diapers, doors, electronics, food items, and pipes to meet the pent up demands of the KRI market. However, despite significant progress in the areas of infrastructure and restoration of access to basic services, the almost complete dependence on oil related income transfers from Baghdad for revenue and a bloated public sector constrained economic security in the KRI. The KRG struggled to attain self-reliance and build an independent local private sector to mitigate the possible triggers of conflict and human insecurity. It is key for the KRG to overcome challenges and pursue political and economic reforms that guarantee an inclusive path to growth and establishing solid public good provisions for all citizens of the KRI, including internally displaced persons (IDPs) and refugees who have sought sanctuary in the region (KRG Central Organization for Statistics and Information Technology, World Bank).

The KRI has an incredibly rich history. After the fall of the Ottoman Empire, the people of the KRI began a tumultuous trajectory. Over the last century, the Kurds, as well as other groups living within the KRI, such as Arabs, Chaldo-Assyrians, Jews, Mandeans, Shabaks, Turkmen, and Yazidis, were the subjects of the grand strategies of outside powers. They were denied autonomy, subjected to forced migration, survived the destruction of their villages and farmlands, were imprisoned, and subjected to economic embargoes and military attacks. The Kurdish Peshmerga, otherwise known as “those who confront death,” made several courageous attempts to resist the brutal Saddam regime, but were always pushed back by greater forces. In addition to eradicate the Peshmerga, the Saddam regime inflicted mass punishments upon the civilian population. One of the most horrific human rights violations by the Saddam Hussein

regime during the Al-Anfal campaign, which lasted from 1986 to 1989, was the chemical and gas attacks at Halabja on March 16, 1988. Those attacks killed an estimated 5,000 people, injured thousands, and resulted in thousands more perishing from gas-related complications years after the attack (Hiltermann 2007, Mlodoch 2012, Fischer-Tahir 2012, Osler and Yahya 2013). Neglect of the infrastructure and destruction of the agriculture sector in the KRI began in the 1980s, when Saddam Hussein redirected government-spending priorities to pursue his aggressive war against Iran from 1980-1988, and suppressed concurrent Kurdish insurrections against his government. Mistreatment of the people living in the KRI continued after Saddam's 1990 invasion of Kuwait and the subsequent 1990-91 war with the United States (Alnasrawi 1992, Frank 1992, Malanczuk 1992). In 1990, shortly after Iraq invaded Kuwait, the United Nations imposed economic sanctions on Iraq to curb the development of chemical weapons (Ismael and Ismael 2005). As a means to "punish" the Kurds, Saddam Hussein imposed his own internal economic sanctions, thus making it even more difficult for the KRG to import essential goods (Alnasrawi 2001, Kosky 1995). The double embargo had a serious debilitating impact on the economy in the KRI. Because of the Ba'athist government's approach to economic growth and its concentration on Iraq's "productive capacity" of nationalized industries (Looney 2006, 1), both industrial and agricultural production in the KRI were severely degraded under the regime's sanctions. A United Nations Food and Agriculture Organization (FAO) report indicated that during the time of the economic sanctions, malnutrition, child-and-infant mortality, and poverty rates skyrocketed and prices for food items increased substantially (McDowall 1996a). Due to the unwarranted suffering of Iraqis, including Kurds, under the United Nations sanctions, the Oil-for-Food Programme was established to allow Baghdad to sell designated amounts of oil in exchange for critical

commodities. Subsequently, Iraqi society became completely reliant on food rations and other forms of humanitarian assistance from the United Nations. In part because of the crippling effect of the economic embargo, illegal networks along the Iraq-Turkey border and a war economy emerged to smuggle goods that were not allowed into Iraq.

The failed Kurdish uprising (1991) against the Iraqi government, the flight of refugees to Iran and Turkey (1991-1992), and the cessation of any Iraqi government assistance in the form of both financial and human resources to the KRI (1992) further created instability in the region. After the end of the Gulf War (1991), the United States, the United Kingdom, and France, in coordination with Turkey, implemented a no-fly zone over northern Iraq to deter attacks by the Saddam regime upon the Kurds. Providing a safe haven in the region under the guise of UN Security Council Resolution 688 enabled internally displaced persons (IDPs), who had fled to the border areas near Turkey, to return to their homes. In 1992, the people of the KRI began self-rule and established a governing body to administer services, albeit at a subpar level due to the lack of infrastructure recovery and human capital, and continued dependence on the central government in Baghdad to manage basic resources. This period provided the people of the KRI an opportunity to lay the foundations for democratic administration and self-rule.

Having written my Master's research paper on Operation Provide Comfort and the KRI following the first Gulf War, I wanted to gain a greater understanding of recent developments in the region since the U.S.-led invasion in 2003 (Sayari 1997, Farouk-Sluglett and Sluglett 2001, Gunter 1998, Hiltermann 1997, Oferinger and Backer 1994, Frelick 1992).ⁱⁱ After participating in a series of meetings on the challenges facing

Turkey-KRG relations, I became intrigued to learn more about the deepening and widening of economic cooperation between Ankara-Erbil. It is with heartfelt humbleness and respect for my friends from the KRI that I present my research. I hope I shed light on the potential positive contributions of the international private sector, in this case the Turkish private sector, to enhance economic security and ensure sustainable peace in the KRI.

Research methodology

A comprehensive and integrated study that evaluates the impact of the Turkish private sector on economic security in the KRI has yet to be published. In this light, this thesis seeks to fill the theoretical gap by examining the conditions that may enhance and/or constrain economic security with regard to the engagement of the international private sector in a fragile and conflict-affected region. This research project contends that a multidimensional economic security framework, one that harnessed the presence of the international private sector, has the potential to enhance human security in the KRI. This thesis is qualitative and descriptive in nature and employs an inductive approach, using two main case studies to draw broader conclusions and recommendations. This research project applied qualitative research techniques, such as in-depth interviews, participant observation/semi-structured observations, participation in Track II diplomacy activities, and collection of written material. Descriptive statistics regarding socioeconomic development in the KRI and trade relations between Turkey and Iraq, including the KRI, were also utilized to provide a better understanding of the context related to the main research questions. The main research question sought to answer to what extent the Turkish private sector had an impact on economic security in the KRI. The two case studies sought to answer the following sub-questions: What impact has

the Turkish construction sector had on economic security in the KRI? What impact have the Turkish export sector and other business initiatives had on economic security in the KRI?

Central research question

To what extent can the international private sector – defined as the part of the economy that is not state-controlled, and is run for profit – affect human security, particularly economic security, in a fragile and conflict-affected state?

Timeframe of the research project

The timeframe utilized specifically for this research project was the period between 2004 and 2014. This time period was highly relevant, as it permitted an analysis of the rediscovery of the role of the Turkish private sector as an extension of political and foreign policy, especially since the election of the AK Party in 2002, its subsequent reelections in 2007 and 2011, and the presidential elections of 2014. This timeframe highlighted a redirecting of the importance of the Turkey-KRG relationship, historically based on state security and territorial concerns, to one of economic and political cooperation (Minhac 2012). The KRG swiftly implemented key pieces of legislation to attract foreign direct investment, sidestepping the Central Authority in Baghdad, with whom it struggled to agree on a power-sharing agreement, particularly over oil and gas exports. The last two years of the timeframe, 2013-2014, posed significant challenges for the KRG, the people living within the KRI, and Turkish businesses engaged in the region. First, the ongoing dispute between Baghdad and Erbil over the legal framework over oil production contracts, and revenue sharing over oil exported from the KRI, resulted in Baghdad withholding 17 percent of the federal budget, which was the KRG's

share based on the population of the KRI. Secondly, the advance of Daesh, a group of radical psychopaths who operated in both Syria and the central and northern parts of Iraq, caused a massive exodus of refugees from Syria and Iraqi IDPs (Reach 2014),ⁱⁱⁱ many of whom fled to the KRI for refuge. The increase of vulnerable groups to the KRI was exacerbated by the financial strain on the KRG due to the government in Baghdad withholding the KRG's share of the federal budget, and the concurrent global drop in the price per barrel of oil.

Unit of analysis

The unit of analysis for this research project provided a diverse set of opinions and experiences that tied back to the main research question and sub-questions. The central aim of this dissertation was to understand the impact of Turkish companies and their business practices in the KRI. Therefore, the main empirical data was collected by interviewing representatives from the Turkish private sector, most of which were undertaken in Turkey. The motive behind choosing the construction sector, export sector, and associated business initiatives is that they illuminate the diversity of the Turkish business sector and represent some of the most prominent businesses engaged in the KRI. More on the selection of the private sector entities that were included in this research project can be found in the relevant chapter and index on each sector.

When formal interviews were conducted in 2014, gaining access to senior-level executives with experience working in Iraq, particularly the KRI, proved difficult. Many private sector representatives expressed that they were uncomfortable with discussing business activities in the region. Other representatives only agreed to speak on the basis that anonymity was ensured. Respondents noted that they were gravely

concerned by the impact of the economic crisis in the KRI, which stemmed, in part, from Baghdad's withholding of the KRG's portion of the federal budget, the KRG's overdependence on oil exports as a major source of income, and the bleak security situation caused by the advance of Daesh in Iraq and Syria. Therefore, I committed an enormous amount of time reaching out to potential interviewees and I relied heavily on personal contacts to secure interviews with representatives from the private sector. Once I met with respondents, it was important to reassure them that the purpose of conducting interviews was only for an academic research project and that I would make sure to obtain their approval on which information I could include in my dissertation.

I also interviewed officials who were affiliated with the KRG, Iraqi Kurdish private sector representatives, civil society representatives working in the KRI, and Turkish representatives from the policy and security communities (both those currently serving and retired), as well as representatives of the U.S. government and journalists based in the region. Prior to 2014, I had the privilege to travel to the KRI to conduct interviews and observe Turkish business activities. However, by the summer of 2014, I was no longer permitted by the University of Warwick to travel to Iraq, including the KRI, due to the uncertain security situation with the advance of Daesh in the region. Not being able to travel to Iraq severely compromised my ability to analyze developments in the KRI the latter half of the project timeline. It would have been beneficial to interview individuals effected by the Turkish private sector in the KRI. Still, the overall quality of the research project was not jeopardized as interviews were secured with individuals connected to private sector activities in the KRI, while I was based in Turkey.

In-depth interviews

This research project is based on qualitative research techniques, with an emphasis on in-depth interviews. Thirteen conditions served as the economic security framework, which was utilized to gain a deeper understanding of the engagement of the Turkish private sector in the KRI (Kaul 1994, United Nations Human Security Unit 2009). Considerable thought was given to ensuring that the questions posed concerning the economic security spectrum did not lead respondents to provide biased answers and instead, provided the theoretical context related to the main research question. It was important that respondents understood the main aim of the research project yet, also felt comfortable to comment freely on Turkey's private sector engagement in the area governed by the KRG. The formal interviews were conducted from May through December 2014.

Participant observation/semi-structured observations

This research thesis leaned on experience gained from living in Istanbul, Turkey, since 2005. During that timeframe, I was affiliated with two research centers, the Istanbul Policy Center, located at Sabanci University, from 2006-2010, and the Center for International and European Studies, located at Kadir Has University, from 2011 up through the writing of this dissertation. During my time at each of these institutions, I participated in meetings and conferences and spoke at events pertaining to my doctoral research.

Track II diplomacy activities

Part of my motivation behind pursuing a Ph.D. with a focus on the impact of Turkey's private sector on human security in the area governed by the KRG stemmed from a

series of private and public meetings I helped organize and participated in while I was affiliated with the Istanbul Policy Center. In 2009, the Atlantic Council of the United States organized a dialogue initiative, “Confidence Building between Turks and Iraqi Kurds,” to “map issues affecting relations between Turks and Iraqi Kurds, and to consider how collaboration might be enhanced” (Phillips 2009, 7). Thanks to the support of the founding director of the Istanbul Policy Center, Ustun Erguder, I served on the organization team that brought together a group of active and retired diplomats, business, government, and civil society representatives, as well as journalists, from the area governed by the KRG and Turkey to participate in the meeting. Participants came together when Ankara-Erbil relations were at an all-time low due to the ongoing violence in Iraq, stemming from the aftermath of the U.S.-led invasion and PKK attacks, which were frequently launched from the KRI into Turkey. A public press conference was held, and a series of semi-public meetings were organized after the conclusion of the private meetings.

Collection of written material and descriptive statistics

This research project utilized a diverse collection of written material related to the theoretical framework and the main question at hand. An array of academic journals and books, government and policy reports, socioeconomic development indexes, and peacebuilding and human security strategies made up the bulk of the written material that were considered vital to understanding the context of the research topic. Although this research project was largely based on qualitative techniques, due to the importance given to descriptive data, it also utilized figures related to socioeconomic development and trade relations between Turkey and Iraq, as well as Turkey and the area governed by the KRG. It was difficult to obtain quantitative data on the area governed by the

KRG as: a) the KRI was usually included in countrywide information on Iraq; and b) at the time of writing this dissertation, the KRG was still developing the capacity of the Kurdistan Regional Statistics Organization (Berry et al. 2012) within the Ministry of Planning to monitor and evaluate activities within the KRI.

Structure of thesis

One of the main motivations behind undertaking this research project was to investigate the potential impact of the international private sector to eliminate systemic tensions that often lead to armed conflict. Considering that the analysis surrounding Turkey-KRG relations has largely been framed by a traditional security lens or realist approach, Chapter 2 – the main theoretical chapter of the thesis – begins with an overview of traditional approaches to security. The chapter then highlights critical approaches to security, such as the Copenhagen School, the Welsh School, and the Paris School. The chapter presents the concept of human security and highlights the “freedom from want” and “freedom from fear” approaches. The seven themes related to human security – community security, economic security, food security, environmental security, health security, personal security, and political security – are mentioned throughout the dissertation in reference to the central research question. Economic security, in particular, one of seven strategies to enhance human security, is integrated throughout the dissertation, as it is the main pillar that the dissertation rests upon. The theoretical agenda is firmly grounded in a broad approach to human security, which argues for the right for individuals to live in “freedom from fear and freedom from want” and to live a life of dignity. Where the literature on economic security has gaps, the arguments and analysis turn to the literatures on development economics, peace economics, and peacebuilding. By synthesizing literatures, I aim to widen the discussion on human

security, sustainable peace and development and the role of the international private sector in fragile and conflict-affected states.

Chapter 3 serves as the main contextual chapter of the thesis. The chapter begins with a reflection on the rise of the Justice and Development Party (AKP) in Turkey, since its election in 2002. Building on previous government policies of cooperative security and multilateralism, the AK Party established a multidimensional foreign policy platform. The chapter then provides an overview of Ankara-Baghdad and Ankara-Erbil relations, and the sources of tensions and areas of opportunities for cooperation surrounding these three poles of power in the region. This thesis challenges traditional security perspectives by highlighting the deepening and widening engagement of the Turkish private sector in the KRI since the U.S.-led invasion in 2003 (Phillips 2009, Shadid 2011, Balci and Poyraz Dogan 2009). The AK Party's emphasis on economic development in Turkey, in the form of gross domestic product (GDP) growth, relatively low inflation rates, fiscal austerity, privatization, and foreign direct investment, coupled with Turkish trade and investment in the KRI, was crucial to the initial growth and development in the KRI and to Turkey's own socioeconomic development. The chapter concludes with an overview of how the KRG established key government bodies, implemented strategies to promote socioeconomic development, and approved key investment-related legislation that attracted the international private sector to operate in the region. The forthcoming empirical chapters will provide an understanding of the impact of deepening economic ties on economic security in the KRI.

Chapter 4 is the first empirical chapter and provides insight into the impact of the Turkish construction sector on economic security in the KRI. The Turkish Contractors'

Association (TMB), a nonprofit professional organization, is the main association that supports the construction sector in Turkey. Interviews were conducted with two senior leaders of the TMB to gain a better understanding of the construction and consulting sector in Turkey, how the association supports its members, and how it operates in conjunction with the Turkish government and partner organizations in other countries where its members might have an interest in doing business (Haluk Buyukbas and Cigdem Cinar, TMB, 2014, Interview, Ankara). Upon conducting a comparative analysis of the data that was collected from interviews with representatives from the Turkish private sector, the following themes related to economic security emerged: the importance of strong public-private relations; infrastructure recovery and restoration of access to basic services; poverty alleviation; expansion of opportunities through training, skills development, and empowerment; clarification of property rights; macroeconomic development; and job creation. Each theme and subtheme presented varied information and commentary depending on the responses received from interviewees.

Chapter 5 is the second empirical chapter of this research project and provides insight on the impact of the Turkish export sector and other business initiatives on economic security in the KRI. The Turkish Exporters Assembly (TIM) is the main semi-public organization that supports regional exporter unions. An interview was conducted with a member of the leadership of the TIM to gain insight into how the organization operates and how it supports its members' activities abroad (Mustafa Mente, TIM, 2014, Interview, Istanbul). Upon conducting a comparative analysis of the data that was collected from the interviews, the following themes related to economic security emerged from the data: the importance of strong public-private relations; infrastructure

recovery and restoration of access to basic services; dismantling of a war economy and illegal networks; expansion of opportunities through training, skills development, and empowerment; the development of productive activities for ex-combatants, returnees, and impoverished groups; macroeconomic development; and job creation. Each theme and subtheme presented unique insights and commentary depending on the responses of the representatives.

Chapter 6 serves as the concluding chapter and provides reflections on the overall research project. The economic security spectrum is highlighted alongside the themes that emerged from the collection of data taken from interviews with representatives from the Turkish private sector. The chapter also provides a comparative analysis of the empirical data related to the economic security spectrum. Six additional findings – relating to community relations, vulnerable groups, the use of personal security detachments, the presence of repatriated Iraqis, the influx of both skilled and unskilled labor from the region and abroad, and the expansion of Turkey’s “soft” power in the KRI – emerged from interviews with representatives from the construction sector, export sector, and other business initiatives, and although not addressed in this thesis, would be interesting topics for future research. Lastly, the chapter includes a presentation of the additional potential analytical and prescriptive applications of the two case studies. By highlighting the impact of the Turkish private sector on economic security in the KRI, the dissertation sheds light on the engagement of the international private sector in fragile and conflict-affected states and regions.

Chapter 2 – Review of the literature

Introduction

As was mentioned in Chapter 1, the Introduction, the debate in the academic literature and policy studies surrounding relations between Turkey and the Kurdistan Regional Government (KRG) of Iraq has predominantly been framed by a traditional security lens or realist approach characterized by concerns over terrorism and territorial integrity (Altunisik 2007, Park 2005, Cetinsaya 2006, Aras 2007, Migdalovitz 2002, Barkey 2005, Gorener 2008, Charountaki 2012). Therefore, this chapter will begin with an overview of the literature on traditional security studies before highlighting the importance of critical security studies to this research project. I argue that a critical stance towards security is the best avenue to understand the engagement of the Turkish private sector in the KRI. The chapter will offer a discussion of alternative conceptions of security, such as the Paris School, Copenhagen School, and the Welsh School. The chapter will highlight the importance of the human security paradigm to this dissertation before explaining how economic security was chosen as the theoretical spectrum for this research project. As will be expanded on later in this chapter, the thesis unpacks the relationship between the presence of the international private sector and the conditions in which economic security can either be enhanced or threatened in a fragile and conflict-affected state. In addition to the abovementioned literature, the fields of development economics, peacebuilding, and peace economics informed the understanding of economic security and are interwoven throughout the dissertation.

Traditional approaches to security

Considering that the traditional field of security studies has influenced newer generations of security studies, such as constructivism, critical security studies, and

human security studies, a good starting point is to reflect on traditional approaches to security before moving to the core theoretical framework of this thesis. During WWII, followed by the Cold War, security was largely studied from a realist (classical/neorealism) perspective. According to Ken Booth, “traditional security thinking, which has dominated the subject for half a century, has been associated with the intellectual hegemony of realism” (Booth 1991, 318). Booth further points out that traditional security studies “emphasized military threats and the need for strong counters; it has been status quo orientated; and it has centered on states” (Booth 1991, 318). Stephen M. Walt argues that the traditional security studies discipline “explores the conditions that make the use of force more likely, the ways that the use of force affects individuals, states and societies, and the specific policies that states adopt in order to prepare for, prevent, or engage in war” (Walt 1991, 212). Keith Krause and Michael C. Williams argue that the traditional camp commanded authority in the field by defining security studies as a collection of objective knowledge. They noted that: “Supported by this metahistorical and epistemological foundation is a series of foundational claims that are now presented as unproblematic facts. The most important of these concerns the centrality of the state as the subject of security and provides the basis for the exclusion of issues other than those of traditional military diplomacy from the field” (Krause and Williams 1997, 38). As Krause notes, the aim of the traditional security field is to safeguard the modern state as the referent object and to couple the protection of citizens with state security (Krause 1998, 301). This approach emboldened policy experts and military officials to strategize responses, not only to external threats, but also to so-called internal threats. One example of the blurring of the external and internal security apparatus and discourse was the blind determination by the Federal

Bureau of Investigations in the U.S. in the 1940s to 1950s to track down anyone who was perceived to be even remotely sympathetic to communism.

The involvement of civilians in military planning during WWII set the stage for the “Golden Age,” or the “first wave,” of security studies (Jervis 1979, Gray 1982). According to Bruce Smith and Fred Kaplan, much of the initial research during the “Golden Age” was conducted at government-funded think tanks like the RAND Corporation, one of the first major policy institutions (Smith 1966, Kaplan 1983). The RAND Corporation gathered together a group of scholars to analyze and draft recommendations, mainly for the U.S. defense community. This new network gave American policy-makers the ability to make swift and relatively knowledgeable decisions on strategic questions of national security. Philip Green argues that access to information and a supportive institutional setting were key assets, but their close relationship with the Defense Department may have encouraged these scholars to view national security problems from an excessively military perspective (Green 1966, Green 1968). The significant increase in funding and expansion of research capacities, not to mention the enormous spike in funding for the Defense Department, signaled that traditional security issues were a higher priority than non-traditional security concerns such as poverty, conservation and migration for the U.S. government (U.S. Office of the Under Secretary of Defense 2006).

The “Golden Age” of security studies ended in the mid-1960s, and the field entered a period of decline. Walt cites three major developments during this period: the field had reached a stalemate after having identified key paradigms central to its core; the field failed to recruit enough Ph.D. students who would become the new generation of

scholars; and the implications the Vietnam War had on the field, in that it had become an unpopular international engagement (Walt 1991, 216). The end of the Vietnam War sparked a new phase of security studies in the mid-1970s. The Ford Foundation's sponsorship of academic centers in security affairs, and the founding of *International Security*, which became a main scholarly forum for the field, contributed to what Walt deemed the development of the "Renaissance" period (Walt 1991, 216-217). Walt argues that during this time the field relied more on historical developments, experienced an increase in access to relevant archival material and comparative case study methods, and benefited from the deterioration of U.S.-Soviet relations in the late 1970s and early 1980s (Walt 1991, 217-220).

During the Cold War, the American military continued to play a large role in the formulation of domestic and foreign policy. The literature at the time tended to ignore the political sources of international conflict or the potential role of accommodative diplomacy (Trachtenberg 1989). David A. Baldwin argues that, "if military force was relevant to an issue, it was considered a security issue; and if military force was not relevant, that issue was consigned to the category of low politics" (Baldwin 1997, 9). Walt further notes that, "given that military power is the central focus of the field and is subject to political control, this tendency is appropriate" (Walt 1991, 212). This narrow approach to security made it difficult for alternative or critical voices to be heard within the defense community. Even with the ending of the Cold War, the field only broadened its scope to consider certain threats, such as arms control, crisis management, and the expansion of the illegal drug industry, albeit with an emphasis on how these dangers affected state security.

There were severe limitations in security studies because early scholars focused more on policy implications rather than on theoretical foundations or the root causes of insecurity. Walt notes that the founding literature also promoted a narrow definition of the meaning of security, and that “the field tended to ignore nonmilitary sources of international tension and to focus solely on military balances” (Walt 1991, 215). Walt appears to contradict himself, as he also argues that “expanding the field too broadly would destroy its intellectual coherence and make it more difficult to devise solutions to any of these important problems” (Walt 1991, 213). He then goes on to point out that “if future work both builds upon and challenges the results of the recent renaissance, that will be convincing evidence of the continued health of the field” (Walt 1991, 232). Walt’s seemingly internal struggle, and the ongoing debate within the field as to whether and how to expand the concept of security, may frame a new approach for traditional security studies in the future.

Constructivism

Constructivism emerged as a challenge to neorealism and neoliberal institutionalism within the field of international relations (Hopf 1998). The materialization of constructivism relates to what Ulrich Beck defined as “reflexive modernity” (Beck, Bonns and Lau 2003), or “increasing awareness of the inherent limits and ambiguities of technical and social progress, an awareness dating back to the beginning of the twentieth century” (Guzzini 2000, 151). The emergence of constructivism was also tied to ensuing debates in the field of international relations “during the second détente and end of the Cold War” (Guzzini 2000, 151). The main pillars of constructivism are: “(1) that the structures of human association are determined primarily by shared ideas rather than material forces, and (2) that the identities and interests of purposive actors are

constructed by these shared ideas rather than given in nature” (Wendt 199, 1). The early constructivists sought to challenge the traditional notion that undifferentiated rational actors, such as self-interested states whose relations are shaped by the balance of material power, dominate the world (Jervis 1999). Constructivism locates “actors in a social structure that both constitutes those actors and is constituted by their interaction” (Farrell 2002, 50, Onuf 1989).

Arguably, constructivism is firmly situated alongside other mainstream international relations theories. Similar to other paradigms, constructivism is divided into several variations, between the “thick” or critical approach, and the “thin” or conventional approach. There are further variations among each approach of these categories; however, for the sake of time and space, this thesis will focus on the two main strands. Both the critical and conventional approaches share a common critique of materialism, with constructivism being characterized by “its emphasis on the social construction of interests, its relationship between structures and agents, and its multiple logics of anarchy” (Hurd 2008, 299). Thus, constructivism emphasizes idealism over the materialism, individualism, and rationalism advocated by realism and neoliberalism, two of the main approaches within traditional security studies. Stefano Guzzini notes that “taking a constructivist stance allows us to be critical towards, or at least innovative with regard to, the mainstream” (Guzzini 2000, 148). Patrick Thaddeus Jackson and Daniel H. Nexon argue that “at the heart of constructivist theory is the idea that significant aspects of international relations are socially constructed, that is, historically contingent rather than necessary consequences of the nature of international politics” (Thaddeus Jackson and Nexon 2002, 81). By only stressing the role of the state – as traditional security studies does – one fails to acknowledge and address the needs of

individuals and their communities. Similarly, there are modern-day threats to security, such as large-scale irregular migration, drug trafficking, economic crises, and environmental degradation, which no longer recognize traditional state borders (Vietti and Scribner 2013). Therefore, the social constructs of communities must be examined in a clearer and broader scope as a way to address the global issues of today.

Critical approaches to security

As we have seen thus far, attempts to widen the conception of security, and to deepen the agenda of security studies, predated the end of the Cold War. However, changes in world affairs, sparked by the fall of the Soviet Union in 1991, inspired many scholars to further develop alternative narratives to traditional security studies. Ken Booth notes that “there was an understanding, even if imperfectly articulated, that the iron curtain and the military confrontation imprisoned us all, east and west, into old thinking about the games nations played” (Booth 1994, 2). With the end of the Cold War, the security environment evolved from a bi-polar world to a multi-polar one. Subsequently, scholars and practitioners who subscribed to the critical security studies field sought further recognition and independence apart from the traditional security studies field.

Critical security scholars question the nature of the “threat,” the “object” being secured, and the possibilities to reinforce, ameliorate, or even overcome “security dilemmas” (Jervis 1978, Glaser 1997). The field challenges traditional definitions of “security” and emphasizes the socially constructed nature of state identities and international systems. Van Munster argues that what defines “a critical approach to security” is the fact that it takes “the concept of security as an object of reflection rather than a given” (Van Munster 2007, 235). Thus, the field of critical security studies emphasizes “historically

and reflexively constituted practices” (Krause and Williams 1997, 52) and seeks to broaden the meaning of the concept of security.

In the next section, we will explore the debates surrounding the three main schools of thought that have sought to inform security studies through a critical lens (Wæver 2004). Rooted in a sociological point of engagement, the “Paris School” draws on Bourdieu’s notion of the “field” (Bourdieu and Wacquant 1992) and Foucault’s notion of “governmentality” (Foucault 1979, Lemke 2002). The “Copenhagen School” calls for a broadening of the concept of “security” and the process of “securitization/desecuritization” of political issues. The “Welsh School” builds on Marxism and critical theory to establish an activist approach that emphasizes the concept of “emancipation,” or the freeing of people from oppressive structures.

The Copenhagen School

The Copenhagen School was developed in the institutional setting of the Copenhagen Peace Research Institute and is most known for its theory of securitization, the concept of security sectors, and regional security complex theory. The Copenhagen School essentially combines Barry Buzan’s notion of sectoral analysis and Ole Wæver’s concern with “securitization” in an attempt to conceptualize security as a process of social construction of threats, which includes securitizing actors who declare certain issues as urgent and pose a threat for the survival of the referent object (Buzan, Wæver and Jaap de Wilde 1998, 36, Wæver 1995). Once the audience accepts a threat, it legitimizes the use of extraordinary measures for neutralization of the threat. The “audience” is “those the securitizing act attempts to convince to accept exceptional procedures because of the specific nature of some issue” (Buzan et al. 1998, 41). Buzan

et al. argue, “‘Security’ is the move that takes politics beyond the established rules of the game and frames the issue either as a special kind of politics or as above politics” (Buzan et al. 1998, 23). The Copenhagen School, therefore, aims to distinguish between (1) the referent objects of security; (2) the securitizing actors; and (3) the functional actors affecting the dynamics of the securitization process (Buzan et al. 1998, 36). In order to provide a coherent framework of analysis of actors and referent objects of security, the Copenhagen School emphasizes five main levels of analysis: international system, international subsystem, unit, subunit, and the individual (Buzan et al. 1998, 6).

In the formation of a critical approach to traditional security studies lies a social constructivist perspective that security threats do not exist independently from the discourse that labels them as such. Security is conceptualized as an act of speech in the securitization theory. Waever argues that security is a “speech act” that “does not refer to something more real; the utterance is the act.” He further argues that “something is a security problem when elites declare it to be so” (Waever 1995, 55). Relying solely on elites to make such significant decisions could create resentment and social unrest in society. This could especially become apparent if public opinion does not support the policies of the elite. Therefore, one must ask, “Who can ‘do’ or ‘speak’ security and with what effects?” (Buzan et al. 1998, 27). In order for something to become securitized, it must be presented as an existential threat and accepted by a significant portion of society. A situation could become quite dangerous if one could simply label an issue a security threat for it to become one.

The Copenhagen School is influenced by the intellectual arguments of Barry Buzan, whose work points to a constructivist perspective, which is unwilling to accept the

given. Buzan criticizes the traditional concept of security as being “too narrowly founded” (Buzan 1983, 9). Thus, the Copenhagen School emphasizes the need to broaden the concept of security to include not only military, but also political, economic, societal, and environmental perspectives (Smith 2005). Although Buzan accepts neorealism’s claim that “the international political system is an anarchy, which is to say that its principal defining characteristic is the absence of overarching government” (Buzan 1983, 94), he sees the realist approach to security as being a “the struggle for power” (Buzan 1983, 22) as obsolete. Buzan argues that “The search for a referent object of security goes hand-in-hand with that of its necessary conditions, a link which becomes stronger as we discover that security has many referent objects” (Buzan 1983, 13). He further notes that there is a “need to explore the referent objects of security on several different levels centered on individuals, states and the international system” (Buzan 1983, 13). Security is, therefore, “a relative concept,” and the “factors involved – life, health, status, wealth, freedom – are far more complicated, not infrequently contradictory, and plagued by the distinction between objective and subjective evaluation” (Buzan 1983, 18). The Copenhagen School attempts to denaturalize the social constructions that often become sediment, and emerge into relatively normal practices (Waltz 1959). Karin M. Fierke claims that the task is, therefore, “not only to criticize this sedimentation but also to understand how the dynamics of security work and thus to change them” (Fierke 2007, 102-103).

Buzan argues that,

“Security is taken to be about the pursuit of freedom from threat and the ability of states and societies to maintain their independent identity and their functional integrity against forces of change, which they see as hostile. The bottom line of

security is survival, but it also reasonably includes a substantial range of concerns about the conditions of existence. Where this range of concerns ceases to merit the urgency of the 'security' label and becomes part of everyday uncertainties of life is one of the difficulties of the concept" (Buzan 1991, 432).

Clearer delineations of what constitutes security threats, the object to be secured, the strategies to do the securing, and whether those threats are significant versus insignificant might prove the Copenhagen School more applicable to address today's contemporary global issues. Most security issues have a complex set of dynamics, which are often interlinked (Stone 2009, 3). Buzan notes that security issues "are woven together in a strong web of linkage" (Buzan 1991, 433). For instance, the "military sector relates to power relations" (Panic 2009, 31) and can affect all components of the state, as well as having an adverse effect on the "layers of social and individual interest" (Buzan 1983, 119). The political sector can intertwine with authority relations (Panic 2009, 31) and can be more ambiguous and difficult to identify in relation to military threats (Stone 2009, 5). The economic sector relates to economic relations (Panic 2009, 31), which is often difficult to follow because, as Buzan points out, "the normal condition of actors in a market economy is one of risk, aggressive competition and uncertainty" (Buzan 1983, 120). The environmental sector involves the relation between man and nature (Panic 2009, 31). Lastly, the societal sector involves the relations between social groups (Panic 2009, 31), which is often difficult to separate from the political sector in that societal threats are about identity and the balance (or lack thereof) that can be found within any given state (Stone 2009, 5). Addressing security dynamics is only a part of managing today's global challenges. The

Copenhagen School fails to provide a coherent answer as to how the root causes of insecurity can be addressed and overcome.

Building on the main framework of the Copenhagen School, Lene Hansen argues that securitization is only one possible way of distributing identity and difference. According to Hansen, processes of identity formation are complex, involving varying degrees of difference (Hansen 2006, 269). Hansen moves beyond the Copenhagen School's notion of security as a speech act towards a view of foreign policy as intertextually constituted. Rens Van Munster notes that Hansen's work "is an important addition to critical security studies. It draws attention to the fact that foreign policy texts are not just speech acts uttered by officials, but entities located within a larger textual web of societal discourses upon which they draw and depend" (Van Munster 2007, 238). Scholars such as Hansen and Van Munster have contributed to the development of the Copenhagen School by expanding its framework of security, which includes distributing power and decision-making, to a wider cross-selection of society.

Although Buzan agrees that the state may be a source of threat to its citizens, he argues that the state is "a necessary condition for individual security because, without the state, it is not clear what other agency is to act on behalf of individuals" (Buzan 2001, 8). Therefore, scholars such as Ken Booth criticize the foundation of the Copenhagen School's framework to be "a curious combination of liberal, post-structural and neorealist approaches," which "pile(s) up...a bundle of conceptual problems and political issues" (Booth 2005, 271). Anthony Burke argues that "Even if threats are credible and existential, I do not believe that they warrant invoking the 'state of exception', which has in our time been more commonly enacted in the detention and

rendition of terrorism suspects, immigration detention centres and the use of arbitrary arrest and deportations powers” (Burke 2007, 11). Burke further notes that the existential threat to human beings may be real enough, but it should generate very different policy logic than that outlined by the Copenhagen School (Burke 2007, 12).

The emphasis on the state as the ontological ground for security, even if there is a reservation about the risks involved in securitizing some topics (Williams 2003), questions the level of criticism the Copenhagen School extends. Bill McSweeney, one of the most renowned critics of the Copenhagen School, argues that Waever et al. offer “no basis for criteria on which to adjudicate between competing identify claims” and involve “moral judgment(s) to arbitrate between the competing moral decisions which underlie all claims to collective identity and all security policies which flow from them” (McSweeney 1999, 75). McSweeney claims that Buzan’s insistence that states remain the referent object is essentially a realist explanatory model. He further challenges the concept of securitization because it is a subjective process and errs on the side of danger because of its connection to the state. Furthermore, there is grave concern that citizens may acquiesce and sacrifice their civil liberties because political elites argue it is necessary for the sake of security. Arguably, the Copenhagen School is one of the least critical approaches among the critical security studies field. The influence of Buzan’s work on the Copenhagen School gives the impression that its theoretical underpinnings are more closely related to traditional approaches to security.

The Welsh School

The Welsh School draws inspiration from the Frankfurt School, with a focus on the individual, community, and identity in an attempt to transcend the state, military, and

national security as the core of the political structure in the contemporary global order (Wyn Jones 1999). Krause and Williams note that “to understand security from a broader perspective means to look at the ways in which the objects to be secured, the perceptions of threats to them, and the available means of securing them (both intellectual and material), have shifted over time” (Krause and Williams 1997, 49). Thus, contrary to traditional security studies, including the Copenhagen School, the Welsh School avoids focusing on the state as the referent object or an entity to be secured and deconstructs prevailing orthodox claims about security.

The Welsh School challenges the definition of security purely in terms of military threats to the state, and instead links the study of security to the expansive goal of human emancipation. Booth notes that “emancipation, theoretically, is security” (Booth 1991, 319). The concept of emancipation refers to “the freeing of people (as individuals and groups) from those physical and human constraints which stop them from carrying out what they would otherwise freely choose to do. War and the threat of war is one of those constraints, together with poverty, poor education, political oppression and so on. Emancipation, not power or order, produces true security” (Booth 1991, 319). According to Booth, there are “three roles of true emancipation” (Booth 1999, 42): emancipation is a philosophical anchorage; emancipation is a strategic process; and emancipation is a tactical goal (Booth 1999, 43-46). Thus, emancipation “offers a theory of progress for politics, it provides a politics of hope, and it gives guidance to a politics of resistance” (Booth 1999, 46). He further argues that at the current state of the world, which is “marked by the interplay of globalization, patriarchy, world capitalism, industrialization, population densification, environmental stress, widening disparities between haves and have-nots and so on, the growth of a universal human rights culture

must be central to emancipatory policies” (Booth 1999, 46). Emancipation is the only everlasting hope of overcoming the most pressing contemporary issues, as it is based on ethics and social justice. True security cannot be achieved if one’s own security deprives another’s means of security. Thus, the Welsh School is positioned within an intellectually justice-oriented tradition where critical theory provides a foundational notion of emancipation.

Booth later refined his definition, in the broadest of terms, as follows:

“Emancipation is the theory and practice of inventing humanity, with a view to freeing people, as individuals and collectives, from contingent and structural oppressions. It is a discourse of human self-creation and the politics of trying to bring it about. Security and community are guiding principles, and at this stage of history the growth of a universal human rights culture is central to emancipatory politics. The concept of emancipation shapes strategies and tactics of resistance, offers a theory of progress for society, and gives a politics of hope for common humanity” (Booth 2005, 181).

Rens Van Munster argues that the volume *Critical Security Studies and World Politics*, which Ken Booth edited, “outlines a theory of security that is structured around the conceptual triangle of security-community-emancipation. These three concepts are interrelated insofar as the value of security involves the emancipation from oppressive social structures and, subsequently, the remaking of community” (Van Munster 2007, 236). Booth’s comprehensive definition of emancipation sets the bar high for scholars pursuing critical security studies. The Welsh School encourages scholars to stand on moral high ground in attempting to eradicate social injustices. According to Peoples and

Vaughan-Williams, Booth and Wyn Jones argue that “we should study security in order to learn more about how individuals can maximize their freedom from threats. The more secure people are from the threats of war, poverty, and oppression, the more emancipated they will be and vice versa” (Peoples and Vaughan-Williams 2010, 25). Booth argues, “Security and emancipation are two sides of the same coin. Emancipation, not power or order, produces true security. Emancipation, theoretically, is security” (Booth 1991, 319).

Mohammed Ayoob disputes Booth’s position that security should be connected to “emancipation” and argues that “the problem with such semantic jugglery is that by a sleight of hand it totally obfuscates the meanings of both the concepts of security and emancipation. Booth’s definition refuses to acknowledge that a society or group can be emancipated without being secure and vice versa” (Ayoob 1997, 126). He further argues that “such semantic acrobatics tend to impose a model of contemporary Western polities – of national states that have by and large solved their legitimacy problem and possess representative and responsive governments, which preside over socially mobile populations that are relatively homogenous and usually affluent and free from want – that are far removed from Third World realities” (Ayoob 1997, 127). Although Ayoob seems to be doubtful as to whether the state will actually ensure the security of its citizens, he argues that “an explicitly state-centric definition of security is likely to provide an analytical tool of tremendous value that should not be sacrificed at the altar of utopian thinking” (Ayoob 1997, 128). He further argues that “to posit emancipation as synonymous with security and the panacea for all the ills plaguing Third World states can be the height of naiveté” (Ayoob 1997, 127). Ayoob’s belief that the referent object should be the state and not the individual – as the Welsh School argues – seems to

position him comfortably within the realist school of thought. However, Ayoob also argues that “in many places the state is not the guarantor of security but is rather the greatest threat to its citizens” (Krause and Williams 1997, 44, Ayoob 1984). Therefore, it appears as if Ayoob is uncertain as to which theoretical paradigms he is most content with.

The Paris School

Security is not the opposite of insecurity (C.A.S.E. Collective 2006, 457).

The Paris School was initially established by a group of multidisciplinary scholars, namely from the fields of sociology, law, criminology, and political theory, who shared a common interest in policing as a structural practice, the polarization of societal insecurities, and the structuration of internal security fields (C.A.S.E. Collective 2006, 449). The Paris School is concerned with the intricacies of the security dynamic and seeks to answer questions such as how to define “security,” who is properly equipped to “do” security, and how we can move past our preconceived ideas about who should be and should not be “secure”. Led by Thierry Balzacq and Didier Bigo, the Paris School emphasizes the following: the process of internal and external security merging; the transformation of security agencies over time; and the practical side and application of discourse (Waeber, Ole 2004). When referring to Didier Bigo’s empirical work, Ole Waeber notes that he has shown “how internal and external security merge as agencies compete for the gradually deterritorialized tasks of traditional police, military and customs. Also, they jointly produce a new threat image by constantly connecting immigration, organized crime and terror. Insecurity is largely a product of security discourses and security policy” (Waeber 2004, 9). The Paris School points to the relatively recent development of a transnational space in which a variety of actors

engage in risk management across borders and societies, which at times has blended the spheres of internal and external security.

The second main focus of the Paris School is the transformation of security agencies. In the United States, for instance, the Central Intelligence Agency, the Department of Defense, and the National Security Agency were largely responsible for external security, whereas the Federal Bureau of Investigation was the agency responsible for internal security. However, after the terrorist attacks in the U.S. on September 11, 2001, the security field exploded into a multibillion-dollar sector, with numerous private sector companies winning contracts to provide both internal and external security-type services for the U.S. government. Now, more hard-security agencies – not agencies such as the United States Agency for International Development or the United States Institute for Peace – are at the “center of the security field because their productive power seems to be best suited to alleviating contemporary challenges” (C.A.S.E. Collective 2006, 459). This is concerning because it presents a danger of the “emergence and consolidation of professional networks of security agencies that try to monopolize the truth about danger and unease through the power-knowledge nexus” (C.A.S.E. Collective 2006, 457). Therefore, securitization might become more about “the capacity to control borders, to manage threats, to define endangered identities and to delineate the spheres of orders” (C.A.S.E. Collective 2006, 457). The emphasis on hard-security perspectives reinforces a securitization of all issues, including those related to human security.

Bigo, in particular, talks about the field of security professionals who encompass the security network. He stresses that the environment of security associates functions as a

“field of force, or magnetic field” (Bigo, 2008, 22), which creates a homogeneity of interests and threats, and does not stress individuality or impartiality. However, due to domestic constraints and global events, this type of conformity is difficult to enforce, thus creating a “field of struggles” (C.A.S.E. Collective 2006, 458). Lastly, “the field of (in)security professionals is a transversal field, the trajectory of which reconfigures formerly autonomous social universes and shifts the borders of these former realms to include them totally or partially in the new field” (C.A.S.E. Collective 2006, 458). The Paris School does not address the broader processes of political, economic, and social change that might impact identity.

The Paris School poses the most significant challenge to the main concept of securitization found in the Copenhagen School (Balzacq 2005, Waever 1995). Securitization is defined as the process “in which the socially and politically successful ‘speech act’ of labeling an issue a ‘security issue’ removes it from the realm of normal day-to-day politics, casting it as an ‘existential threat’ calling for and justifying extreme measures” (Williams 1998, 435). Balzacq points to how the combination of the locutionary, illocutionary, and perlocutionary “constitutes the total speech act situation” (Balzacq 2005, 175). Jurgen Habermas summed this triadic characterization as the following: “to say something, to act in saying something, to bring about something through acting in saying something” (Habermas 1984, 289). The Paris School is also concerned with the practical side and application of discourse and purposes to establish a more strategic or pragmatic approach to addressing security.

Balzacq writes:

“The speech act model is, therefore, born out of an attempt to propose the idea that securitization is a sustained strategic practice aimed at convincing a target audience to accept, based on what it knows about the world, the claim that a specific development (oral threat or event) is threatening enough to deserve an immediate policy to alleviate it. In this regard, the revision I propose here is to recast the speech act model of security. By integrating strategic purposes into the equation, my approach elevates securitization above its normative setting and, in so doing, ensconces it in the social context, a field of power struggles in which securitizing actors align on a security issue to swing the audience’s support toward a policy or course of action” (Balzacq 2005, 173).

Balzacq further argues that if security is defined by just a simple speech act, it is reduced to a conventional procedure, that which he likens to marriage (Balzacq 2005, 176). The reshaping of the concept of (in)security needs to be analyzed from all of its intricate angles, and not just from the mainstream security-political nexus. Perhaps it is not so uncommon that when one is faced with a security dilemma, the more one tries to securitize the environment as a means to establish “security,” and the more one creates, whether intentionally or unintentionally, a feeling of insecurity (C.A.S.E. Collective 2006, 461). It is important to not fall into a security trap and to remember that “desecuritization, via reassuring discourses or different techniques of protection such as video cameras, does not always reduce insecurity or increase confidence in the political” (C.A.S.E. Collective 2006, 457). This includes challenging the notion that the security field is “constituted by groups and institutions that authorize themselves and that are authorized to state what security is” (Bigo 2000, 195). One might argue that

citizens who live in a relatively democratic society would be more eager to demand their civil and human rights when compared to individuals who are living under tyranny, or who are experiencing a threat from abroad. However, on the contrary, the overemphasis of the security-political nexus might prevent democratic societies from demanding civil liberties and freedom. For instance, after the terrorist attacks in the U.S. on September 11, 2001, Americans witnessed a squeezing of civil liberties with the passing of the Patriot Act and an increase in personal threats to Americans from the blowback caused by the two U.S.-led invasions of Afghanistan and Iraq, respectively.

Although the early critics of traditional security studies found it difficult to rally around one specific definition of the concept of security, they sought to broaden the conception of security with a wider agenda and changed practice. Krause notes, “Scholarship that has challenged the unchanging nature of the security dilemma has not been met with open arms by the traditional literature” (Krause 1996, 19). Therefore, the test faced by proponents of the field is “to present a coherent and intellectually robust research agenda that generates interesting debates and insights into the complexities and potentials of contemporary (and past) security issues” (Krause 1996, 11). As we will see in the next section, the human security paradigm aims to fill the gap in the literature by broadening the notion of security and the referent object to be secured, and by providing an awareness of the conditions that impact human security.

Human security

The human security paradigm developed during a time when scholars and practitioners began to question whether traditional approaches to security were appropriate for a world that was becoming more interconnected and interdependent. Jolly and Basu Ray

argue that the post-Cold War era presented an even more fundamental challenge to the supremacy and efficacy of an international state-based system (Jolly and Basu Ray 2007). Krause notes, “With the war in Kosovo, the genocide in Rwanda and the collapse of state authority in places such as Somalia, many advocates and analysts began to argue that the international community could no longer tolerate abuses of human rights on a massive scale, standing by as thousands of lives were placed at risk in the name of the abstract principle of sovereignty or non-intervention” (Krause 2008, 73). In contrast to traditional security studies, human security emphasizes the individual as the referent object to be secured (Liotta and Owen 2006, 38). Human security strives to address the structural causes of insecurity, which were largely ignored by government institutions in the past, bringing them to the forefront of the global agenda. The human security paradigm creates space for non-Western discourses on security, and reconfigures the global socioeconomic system to empower communities so they may have more control over their resources and decision-making capabilities. Thus, transnational, intra-state factors, and socioeconomic conditions demanded far greater consideration within the security calculus. The importance on the security and empowerment of the individual has significant implications on the changing nature of security discourses and how policy practices are understood and analyzed (Chandler and Hyrek 2011).

Human security, however, remains a contested subject. On the one hand, the concept of human security is regarded as a progressive and even radical paradigm; yet it is also perceived as being tainted by association with the imposition of neoliberal practices and values on non-Western spaces, or as legitimizing attacks on Iraq and Afghanistan (Chandler and Hyrek 2011). The human security paradigm has been slow to make a substantial theoretical impact, namely, because it has been difficult to develop it into

more than just a policy-oriented discourse. Critics argue that many of the existing theoretical foundations of human security have not been able to transition human security into an intellectually autonomous, critical investigation (Chandler and Hyrek 2011). Therefore, human security remains heavily criticized as an approach created by the policy community for the policy community. This research project seeks to address the argument that the field is too policy-oriented, through applying a human security spectrum that particularly highlights the conditions that either enhance or threaten economic security following the intervention of the international private sector in fragile and conflict-affected states. Furthermore, applicable theoretical perspectives, namely peace economics, peacebuilding, and development economics, are woven throughout this dissertation.

The two main approaches to the human security paradigm often seem at odds with each other. The United Nations Development Programme (UNDP) initially put forth a broad definition of human security – “freedom from want and freedom from fear” – in 1993 (United Nations Development Programme 1993, Bosold 2011, Chandler and Hyrek 2011). The concept was further polished by the UNDP in 1994, and was elaborated upon by the Commission on Human Security in 2003 (Ogata and Sen 2003). The narrow definition of human security – “freedom from fear” – was promoted by the Canadian (Axworthy 1997) and Norwegian governments, and later utilized as a reference by the International Commission on Intervention and State Sovereignty, for the creation of the concept of the “right to protect” (R2P).

In negotiating the Landmine Ban Convention (1997) and the Rome Statute of the International Criminal Court (1998), Canada followed a narrower approach, “because

we believe this is where the concept of human security has the greatest value added – when it complements existing international agendas already focused on promoting national security, human rights and human development” (Canada 2000, 3). Caroline Thomas notes that the two strands are “inextricably interrelated” (Thomas 2004, 353), yet the nature and extent of threats that comprise human security may differ (Croft 2008, 509). The section below offers a discussion surrounding the two approaches to human security.

Table 1: Main Concepts of Human Security (Bajpai 2000, 48)

	Human Security
Security for whom (referent object)	Primarily individuals
Values at stake (security of what values)	Personal safety and individual freedom
Security from what (threats and risks)	Non-traditional and traditional
Security by what means	Force as a secondary instrument, to be used primarily for cosmopolitan ends, and collectively; sanctions, human development, and human governance as key instruments of individual-centered security
	Balance of power is of limited utility; soft power is increasingly important
	Cooperation between states, international organizations, and NGOs can be effective and sustained

Broad approach to human security

The broad approach to human security combines the concepts of “freedom from want and freedom from fear.” One of the key scholars of the broad approach to human security, Ramesh Thakur, argues for security to be “stretched horizontally, to embrace issues beyond just the military; vertically, moving up to embrace regional and global structures, and down to local and individual identities” (Thakur 2006, 1). He further notes that “human security is concerned with the protection of people from critical life-threatening dangers, regardless of whether the threats are rooted in anthropogenic

activities or natural events, whether they lie within or outside states, and whether they are direct or structural. It is 'human-centered' in that its principal focus is on people both as individuals and as communal groups. It is 'security oriented' in that the focus is on freedom from fear, danger and threat" (Thakur 2004, 348).

Rising concerns about contemporary global issues, such as famine, protracted conflicts, and migration, increasingly gained the attention of scholars and practitioners of international relations at the end of the Cold War. The UNDP's 1993 *Human Development Report* (United Nations Development Programme 1993) introduced the concept of human security as a shift from the security of the state, with its focus on the military protection of a country's borders, to the security of people by a variety of measures, with a focus on protecting people from a diversity of threats. The report asserted, "New concepts of human security must stress the security of people, not only of nations" (United Nations Development Programme 1993, 2). Ryerson Christie points out that the concept of human security was formulated by "liberal scholars and policymakers, and that critical scholars subsequently embraced a framework that by then had acquired significant conceptual and political baggage. Despite claims of its inherent fuzziness as a concept, many of the articulations of human security have largely been consistent with broader international processes of global interventionism to alleviate poverty and resolve the causes of conflict" (Ryerson 2010, 171). Thus, at the outset, the human security paradigm was constructed to address a broad set of global security issues. According to Mike Bourne, "Human security is no disparate list of 'bad things that can happen,' but the inheritor of peace research's interdisciplinary concern for human welfare and the recognition that academic and practical divisions of the world

into social, economic and political spheres tends to neglect the violence done by structures and processes beyond war” (Bourne 2013, 189).

Table 2: Possible Types of Human Security Threats (UNDP 1994, UN 2009)

Type of Security	Examples of Main Threats
Community security	Inter-ethnic, religious, and other identity-based tensions
Economic security	Persistent poverty, unemployment
Environment security	Environmental degradation, resource depletion, natural disasters, pollution
Food security	Hunger, famine
Health security	Deadly infectious diseases, unsafe food, malnutrition, lack of access to basic health care
Personal security	Physical violence, crime, terrorism, domestic violence, child labor
Political security	Political repression, human rights abuses

The subsequent UNDP *Human Development Report*, published in 1994, builds on the previous 1993 edition. The report contends that human security should be expanded to include seven major threats to human security: community, economic, environment, food, health, personal, and political. Arguably, both the 1993 and 1994 *Human Development Reports* are comfortably positioned within the broad approach to human security (United Nations Development Programme 1994, 23). The 1994 report further argues that human security is “the safety from such chronic threats as hunger, disease and repression and protection from sudden and hurtful disruptions in the patterns of daily lives, whether in homes, jobs or communities” (United Nations Development Programme 1999, 36). The report not only addresses a broad array of human security threats, but also calls for a new framework to tackle these threats. The main contributors quickly gained global notoriety because of their determination to promote an approach that would address “freedom from fear and freedom from want” for all individuals. The report became the seminal text that spawned widespread usage by governments, UN officials, non-governmental organizations (NGO), and academics (Macfarlane and

Foong Khong 2006). Marlies Glasius points out that “this document introduced many of the associations that have become central to our understanding of human security: the opposition to state security, the argument that human security is indivisible (and therefore the global rich have not just a moral but also a practical interest in the security of the poor), and the return to Roosevelt’s classic ‘freedom from fear / freedom from want’ formula to capture the two primary elements of human security” (Glasius 2008, 32).

Under the leadership of the UN Secretary General of the Commission on Human Security, a group of scholars and practitioners joined forces to establish a human security framework entitled *Human Security Now* in 2003. The Report on the Commission of Human Security argues, “The international community urgently needs a new paradigm of security” (Ogata and Sen 2003, 2).

The report further argues,

“The security debate has changed dramatically since the inception of state security advocated in the 17th century. According to that traditional idea, the state would monopolize the rights and means to protect its citizens. State power and state security would be established and expanded to sustain order and peace. However, in the 21st century, both the challenges to security and its protectors have become more complex. The state remains the fundamental purveyor of security. Yet, it often fails to fulfill its security obligations – and at times has even become a source of threat to its own people. That is why attention must now shift from the security of the state to the security of the people – to human security” (Ogata and Sen 2003, 2).

The report continues to claim that, “Human security complements state security, enhances human rights and strengthens human development. It seeks to protect people against a broad range of threats to individuals and communities and, further, to empower them to act on their own behalf. And it seeks to forge a global alliance to strengthen the institutional policies that link individuals and the state – and the state with a global world. Human security thus brings together the human elements of security, of rights, of development” (Ogata and Sen 2003, 2, 4). The *Human Security Now* report further declared that adopting a human security approach requires five essential policies: placing human security on the security agenda; strengthening humanitarian action; respecting human rights and humanitarian law; disarming people and fighting crime; and preventing conflict and respecting citizenship (Ogata and Sen 2003, 24). Human security is concerned with “downside risks,” or the “insecurities that threaten human survival or the safety of daily life, or imperil the natural dignity of men and women, or expose human beings to the uncertainty of disease and pestilence, or subject vulnerable people to abrupt penury related to economic downturns demand that special attention be paid to the dangers of sudden deprivation. Human security demands protection from these dangers and the empowerment of people so that they can cope with – and when possible overcome – these hazards” (Ogata and Sen 2003, 8).

Oftentimes, due to budgetary, institutional, and policy constraints, development and humanitarian aid agencies focus on providing a first tier of support, such as the provision of education or food aid in fragile and conflict-affected environments. However, without addressing the root causes of societal ills, human suffering will likely continue. A human security approach emphasizes the importance of tackling the fundamental triggers of insecurity and developing the capacity for communities to

mitigate conflict indicators in order to build sustainable paths to peace. For instance, a human security development project would ensure that vulnerable groups such as “child soldiers or street children received some basic education that might assist in enabling them to move away from violence and crime as their sole sources of sustenance” (Glasius 2008, 35), or address the challenges farmers face in securing a good yield for both consumption and to sell on the market.

The broad approach to human security has a strong link to Johan Galtung’s concept of “positive peace,” the notion that systemic issues must be tackled in order to eradicate tensions that lead to conflict (Galtung 1969). Furthermore, “positive peace” refers to a “social condition in which exploitation is minimized or eliminated and in which there is neither overt violence nor the more subtle phenomenon of underlying structural violence. It denotes the continuing presence of an equitable and just social order, as well as ecological harmony” (Barash and Webel 2009, 7). In contrast, “negative peace” is essentially the absence of war or armed conflict.

David Roberts notes that the UNDP’s 2005 *Human Development Report* (HDR) links the human condition, globally, with “development” via institutions and processes. Building on previous editions – the first one dates back to 1993 – the report determines that unless the security nexus is tackled, equitable development and universal security are unattainable. The HDR ties together human security, peace studies, and the Welsh School’s emphasis on emancipation. Chapter Two notes that “extreme inequalities in opportunity and life chance have a direct bearing on what people can be and what they can do – that is, on human capabilities” (United Nations Development Programme 2005, 52). Thus, the report supports the broad approach to human security, which takes

a social justice approach to international relations. Chapter Five could act as a bridge between the broad and narrow strands of human security as it focuses on violent conflict, and examines the socioeconomic impact of war on the economies and peoples of states (Roberts 2006, 256). By analyzing both the financial and social impacts of war on society, the HDR provides important insight into the systemic effects of violence and conflict.

Narrow approach to human security

The narrow school limits the parameters of human security to focus on violent threats against the individual. According to Mack, greater analytical value can be attained by focusing only on “freedom from fear” (Kerr 2007, 95). He argues, “If the term ‘insecurity’ embraces almost all forms of harm to individuals – from affronts to dignity to genocide – it loses any real descriptive power” (Mack 2004, 367). MacFarlane counters this argument by noting that “violence is only one threat among many facing individuals. Protection from violence gives little solace to the starving or those threatened by potentially fatal preventable diseases or when individuals lack the resources to control their lives” (Macfarlane 2004, 369). A narrow approach to ensuring security fails to acknowledge the interconnectedness of the structural causes of insecurity, such as poverty and inequality, that often exacerbate conflict.

The narrow approach to human security gained more attention when representatives of 11 governments met in Lysoen, Norway, in 1998, to establish the Human Security Network, where members agreed on a common security agenda (Small 2001, Ogata 1999, Axworthy 2001). The aim of the network was to combat poverty, contribute to sustainable development and sustained broad income growth, promote respect for

human rights and international humanitarian law, and strengthen the rule of law and good governance. The HSN further sought to foster cultures of peace and peaceful conflict resolution, control instruments of violence, and end international impunity for gross violations of international law. In practice, the HSN focused on the freedom from fear aspects of human security and through working together in the HSN, four of the key members, Norway, Canada, Switzerland, and Austria, began to lobby international institutions to ban anti-personnel landmines and address issues such as small arms and light weapons, human rights, refugees, and internally displaced persons, among other global challenges. The HSN also promoted certain targets – civilian protection and R2P – to enhance human security. Mohammed Ayooob appears to criticize the concept of R2P by noting, “realist considerations usually have to be dressed up in moral garb in order to assuage skeptics, silence critics, and provide emotional comfort both to the government decision makers and to the leaders of the international community, who may have to endorse such decisions or at least live with their consequences” (Ayooob 2003, 27).

The *Human Security Report*, produced by the Human Security Centre, discusses war and peace in the 21st century, and provides a framework for the narrow approach to human security (Human Security Centre 2005). David Roberts notes that “many traditionalists may well lean towards Mack’s report, which identifies its subject area in terms of fairly fixed political violence, with both ‘political’ and ‘violence’ quite narrowly defined” (Roberts 2006, 249). For “pragmatic and methodological reasons,” the report is in line with the “narrow” approach since, according to Mack, the broader approach to human security has limited value for policy analyses. The report provides an incredible amount of quantitative research on “the incidence, severity, causes and

consequences of global violence” (Human Security Centre 2005, viii). It further claims that there was a significant decline in overall armed political violence since the early 1990s, and largely attributes this finding to the work of the United Nations in managing and mitigating large-scale conflict. Peter Schwab questions the report’s findings by arguing that if one were to include the numbers of civilians dying from wars and “apprentices – famine, hunger and disease” (Schwab 2001, 3), the figures would be different. By not including an in-depth study of the indirect costs, including the human costs of war, Mack loses an opportunity to provide a more holistic understanding of the structural causes of violence and the detrimental effects of armed conflict on societies and communities.

Challenges facing human security

The most unexplored potential of the human security paradigm is how to strengthen a combined “freedom from want and fear” approach in one structure. Christie argues that “human security has been able to work for, and to justify, development and security policies” (Christie 2010, 174). However, in practice, the security-development nexus is a sensitive and contested debate. Marlies Glasius notes, “There is a legacy of suspicion and competition between the developmental and military realms, both at the policy-design level and on the ground” (Glasius 2008, 38). The most suitable response for international organizations, governments, the military, and the humanitarian and NGO community is one that many scholars and practitioners spend a considerable amount of time discussing and writing about (Stern and Ojendal 2010). One example of the seemingly opposing cultures can be seen with the engagement of U.S. government in Iraq after 2003. U.S. provincial reconstruction teams in Iraq were tasked with developing relations with local community leaders and empowering provincial

governments to administer services and follow good governance practices. The reconstruction teams consisted of an array of development, diplomatic, and military perspectives, which provided key expertise to implement reconstruction projects. However, the seemingly opposing professional cultures oftentimes prevented in-depth understanding and cooperation among members and their counterparts in Iraq. Tension and misunderstanding between the security apparatus and the development community about their *modus operandi* are often elevated during conflict and disaster situations (Gilmore 2011).

P.H. Liotta and Kyle Grayson express concern that human security could be used to justify state actions that might run counter to the aspirations of human security (Liotta 2002, Grayson 2003). The 2000 White House National Security Strategy emphasized U.S. engagement in the areas of “encouraging democratization, open markets, free trade and sustainable development” (The White House 2000, Macrae and Leader 2000). However, as a means to carrying out the “Global War on Terror” – led by former U.S. President George W. Bush – the U.S. government blurred the lines between domestic and international security policy after 9/11. An emphasis on traditional security discourse was first expressed in President Bush’s speech at West Point in June 2002, and in the National Security Strategy of 2002. A continuing emphasis on “hard” power resulted in two major invasions and subsequent occupations overseas: Afghanistan, in 2001-2014; and Iraq, in 2003-2011. Jonathan Gilmore articulates that there is a fine line between traditional concepts of security, development, and a holistic approach to human security. Upon reflection on U.S. engagement in Afghanistan and Iraq, Gilmore notes, “The use of human security-like principles and the concern for local engagement and

cultural sensitivity do not automatically equate to the genuine empowerment of local populations in shaping the future of their country” (Gilmore 2011, 22).

Human security emerged as a challenger to the traditional concepts of security. Based on two main paradigms, the broad school (freedom from want and fear) and the narrow school (freedom from fear), human security continues its struggle to present a coherent analytical narrative. Despite having been established by a group of non-traditional scholars and practitioners, human security still struggles for legitimacy within the critical security studies field. Therefore, one may ask how relevant human security is to critical security studies given the amount of criticism it has received from critical security scholars. Keith Krause called the broad school “nothing more than a shopping list; it involves slapping the label of human security on a wide range of issues that have no necessary link” (Krause 2004, 367). Andrew Mack asserts that “a concept that aspires to explain almost everything in reality explains nothing” (Mack 2004, 367). In reference to human security, Barry Buzan asserts that “the cost to be paid is loss of analytical purchase on collective actors, both as the main agents of security provision and as possessors of a claim to survival in their own right” (Buzan 2004, 370). Perhaps the field of human security would gain more acceptance if human security scholars were to focus more on the development of theoretical frameworks, rather than policy-oriented ones. Arguably, this change in focus would help the human security paradigm to gain more legitimacy within the field of academia.

Keith Krause points out that many scholars from the global South are concerned that the idea of human security promotes an expanded agenda that could give rise to an unfettered right of intervention in the internal affairs of states (Krause 2008, 73). Critics

are further skeptical about the emphasis on themes that protect the safety of individuals over states, such as “just cause,” or the responsibility to protect (R2P), as individuals are usually governed by states which are oftentimes more concerned with their own national interests. However, according to advocates of the narrow school, it is the responsibility of international institutions to intervene and protect people who are under threat or attack. For instance, interventionists argue that the international coalition to topple Saddam Hussein freed Iraqis from an authoritarian dictator who had oppressed his people. The International Commission on Intervention and State Sovereignty notes that human protection can only be considered when there is “serious and irreparable harm occurring to human beings, or imminently likely to occur, of large-scale loss of life, actual or apprehend” (Evans and Sahnoun 2001, xii.). The United Nations further emphasizes the responsibility to protect concept as the following: “Each individual state has the responsibility to protect its populations from genocide, war crimes, ethnic cleansing and crimes against humanity. This responsibility entails the prevention of such crimes, including their incitement, through appropriate and necessary means” (United Nations World Summit 2005, 138). The United Nations is obliged to protect people from heinous acts and when peaceful means are inadequate, urges the international community to take stronger measures, through Chapter VII measures under the UN Charter, including, but not limited to, the collective use of force authorized by the Security Council (United Nations World Summit 2005, 138-139). When “national authorities manifestly fail to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity” (United Nations World Summit 2005, 139), the United Nations must take the appropriate action to protect civilians.

Caroline Thomas argues that “the two key aspects of human security are not mutually exclusive; indeed, neither aspect is sufficient for the enjoyment of human security and each depends on the existence of the other for its own full realization. An individual and his/her community must be free from fear to reliably enjoy freedom from want, and without freedom from want there can be no freedom from fear” (Thomas 2007, 115). She thus argues for a blended approach to human security, noting that “the protection of the vulnerable via the reduction of risk provides the common core, along with a holistic understanding of the constitution of vulnerability in our world” (Thomas 2004, 353). International conflict analysis data sets indicate that all seven dimensions of human security are increasingly inseparable, especially in fragile and conflict-affected states. The assurance of economic security, in particular, is crucial for communities that have experienced conflict, as they are disproportionately affected by poverty and hunger, environmental degradation, inequality, economic crisis, and unemployment. By addressing both monetary and non-monetary factors, economic security provides an integrated approach to mitigating the structural causes of insecurity and armed conflict and builds the resilience of societies to absorb threats to human security. The next section will provide an overview of the economic security spectrum and the conditions that enhance and threaten economic security following the intervention of the international private sector in fragile and conflict-affected states and regions.

Economic security – synthesizing literatures

As mentioned earlier in this chapter, human security is a conglomeration of seven key pillars to combat human insecurities (community security, economic security, environmental security, food security, health security, personal security, and political security). Considering the uncertainty of human security during the timeframe of this research project and taking into consideration that most respondents were uninterested

in commenting on other facets of human security, I choose to investigate a combination of the macro and micro conditions that impact economic security. A multidimensional approach to economic security presented a holistic picture of the environment in the KRI. Furthermore, I was able to evaluate the circumstances related to economic security in detail by highlighting just one dimension of human security. Economic security, which is closely linked to the other human security dimensions, adds value to the study of human security by acknowledging the importance of both monetary and non-monetary inputs – such as labor, good governance, public-private partnerships, social capital, and natural resources – to socioeconomic growth. In addition to the literature on human security, the economic security spectrum utilized to collect empirical data was informed by the literature on development economics, peacebuilding, and peace economics. The second half of this chapter will provide an in-depth outline of the conditions that may either enhance or threaten economic security following the intervention of the international private sector in a fragile and conflict-affected region or state. The empirical chapters will present a summary of the findings on the impact of the Turkish private sector, in particular the construction and export sectors and associated business activities, on economic security in the KRI.

Development economics

The earliest Western theory of development economics appeared with the concept of mercantilism in the 17th century. The most recent iterations of development economics emerged as reactions to the failure of previous theories to impact international development and to the narrowly defined neoclassical theories, such as the Washington consensus, which argued for a competitive free-market approach to development (Brett 1993, Adelman and Thorbecke 1989, Cameron 2000, Harris et al. 1997). According to Sanat Kumar Saha, development economics is the “area where vital issues relating to

externalities and increasing returns to scale along with the logic of government intervention with its quality and quantity may be explored with reason and fact” (Kumar Saha 1994, 262). Development economics pursues a multidimensional approach to economic development, through monitoring non-monetary factors, such as access to education, infrastructure recovery and restoration of access to basic services, equality of income distribution, macroeconomic policies, and good governance (Stiglitz 1998a, Stiglitz 1998b, Stiglitz 1999, Kumar Saha 1994). International indexes such as the World Development Report (Yusuf 2009), the Millennium Development Goals (Sachs and McArthur 2005, Pogge 2005), and the more recent Sustainable Development Goals (Sachs 2015) provide strategies to reduce poverty and ensure global socioeconomic development.

Peace economics and peacebuilding

According to Raul Caruso, “The positive ‘side’ of peace economics emphasizes the study of conflict, which is interpreted as a strategic destructive interaction between rational agents. The normative ‘side’ of peace economics is the study of economic policies intended to minimize the unproductive components within economics, thereby also reducing the risk of outbreak of actual conflicts” (Caruso 2010, 10). Scholars such as Paul Collier have written extensively on the economic consequences of civil war, and the deterrence theory of encouraging the private sector to pressure governments and non-state actors to pursue peace and stability to ensure the protection of the market (Collier 1999). The development of international indexes, such as the Peace Dividend, that monitor “positive peace” and “negative peace” and predict an escalation of conflict or violence can dramatically improve a society’s ability to address and defuse a conflict (Collier 1995, Fontanel Samson and Spalanzani 1995, McCandless 2012). Structured

institutional mechanisms, such as national, district, and local peace councils; national peace platforms; a designated government department or ministry of peace building; and the implementation of legislation that supports peace building efforts can strengthen the resilience of a society to absorb internal and external threats to human security. Societies need strong coping, adaptive, and transformative capacities to strengthen resilient social structures (Keck and Sakdapolrak 2013, United Nations Development Programme 2011).

The Global Peace Index (GPI), established by the Institute for Economics and Peace (IEP) and the Vision of Humanity, was the first study to rank the nations of the world by their peacefulness (Institute for Economics and Peace 2010, McConaghy 2012, Brauer and Tepper-Marlin 2009, Fischer and Hanke 2009). The GPI defines peace as the “absence of violence or fear of violence” (Institute for Economics and Peace 2015), a concept referred to as “negative peace” (Galtung 1964, Galtung and Fischer 2013, 12, Van der Wusten 1996). The 23 GPI indicators are broken into three domains – ongoing conflict, societal safety, and security and militarization – and measure several key areas to define the status of peace, such as perceived criminality in society, security officers and police, homicides, access to weapons, organized internal conflict, political instability, political terror, displaced people, the electoral process, the functioning of government, civil liberties, and corruption perceptions (Institute for Economics and Peace 2014). In 2014, Iraq ranked 159th out of 162 countries, with a score of 3.377 on the GPI (Institute for Economics and Peace 2014b, 6). In 2015, out of 162 countries, Iraq fell to 161st place, with a score of 3.444 (Institute for Economics and Peace 2015a, 9).

The IEP also analyzes the economic costs of violence and containment spending, which is defined as “economic activity that is related to the consequences or prevention of violence where the violence is directed against people or property” (Institute for Economics and Peace 2014a, 4). Iraq, and in particular the KRI, experienced the devastation associated with a continuation of conflict since the nation invaded Iran in 1980 under the rule of Saddam Hussein. Saddam Hussein attacked the Kurds in what is known as the Al-Anfal campaign, followed by armed conflict between the two main Kurdish parties, the KDP and PUK. The region was further distressed economically due to the U.S. invasion of Iraq in 1990, the subsequent international sanctions on the country, Saddam’s sanctions on the KRI, the 2003 U.S.-led invasion, and the most recent sectarian fighting and ongoing battle with Daesh. GDP per capita equaled \$5,374 in 1980, \$3,200 in 1985, and fell to \$1,253 in 1991 and further to \$485 in 1993; and it increased to \$2,400 in 2002 (Yousif 2012, Alnasrawi 1994, 152, Ghareeb and Dougherty 2004, 65, Wim, Santos-Paulino, and McGillivray 2011). In 2012, the IEP indicated that the per capita expenditure on violence containment in Iraq totaled \$26,835 billion, or 14.9 percent of GDP, with the cost per capita equal to \$815. The IEP indicated that the overwhelming majority of violence containment expenditures were a result of military spending, at \$389 per capita, trailed by the cost of homicides at \$143; GDP losses from conflict, \$110; internal security, \$93; terrorism, \$43; deaths from internal conflict, \$18; private security, \$8; IDPs and refugees, \$4; incarceration, \$4; and fear, \$2 (Institute for Economics and Peace 2014a, 20). The exorbitant amount spent on aspects of “negative peace” highlighted not only the moral imperative, but also the financial incentives to end the conflict and support sustainable peace in the country (Institute for Economics and Peace 2014a, 14).

Due to criticism over its emphasis on “negative peace,” the IEP pursued a more ambitious conceptualization for “positive peace” (Galtung 1996), defined as “the attitudes, institutions and structures which create and sustain peaceful societies” (Institute for Economics and Peace 2015c, 2). Attitudes describe relationships, beliefs, norms, and preferences within society and affect how people and groups cooperate in society. Manners and opinions that are present within a society and the structures that define them influence the way institutions – the formal bodies created by governments or other groups – operate. Structures that contribute to peaceful societies can be both formal and informal and serve as a shared social code that is broadly applicable to most individuals in society. The IEP argues, “Informally, it could be as simple as the protocol for queuing or formally, as complex as tax law. Interactions are often governed by informal rules and structures, such as politeness, societal views on morality or the acceptance or rejection of other’s behaviours” (Institute for Economics and Peace 2015b, 11). The IEP has defined eight positive peace factors, known as the Pillars of Peace, that create peaceful societies: “[a] sound business environment, good relations with neighbors, high levels of human capital, acceptance of the rights of others, low levels of corruption, well-functioning government, free flow of information, and equitable distribution of resources” (Institute for Economics and Peace 2015b). Furthermore, the cycle of peace requires progress in “positive peace,” so that “[there is] less violence and more nonviolent resolution of grievances, society creates stronger business environments, better functioning government and higher social cohesion, more resources [are] freed to invest in Positive Peace, [and] society reaches higher levels of well being, is more productive and wealthier” (Institute for Economics and Peace 2015b). Positive peace is more favorable, as countries with “higher levels of positive peace have less variability in their changes in peace, resulting in a more predictable

environment and demonstrating their resilience” (Institute for Economics and Peace 2015b, 14). The Pillars of Peace is an effective tool to analyze human security, as it leans on more than 900 different indices, data sets, and attitudinal surveys to understand the factors that impact conflict, peace, and resilience.

This study does not ignore the premise that the private sector has, in some conflict and post-conflict environments, instigated violence by ensuring that power and wealth remains in the hands of elites, by extracting natural resources, exploiting workers, failing to provide fair compensation to the masses, and enslaving people to perform tasks in servitude-type situations. Oftentimes, globalization and increased flows of labor and commodities have exacerbated the private sector’s unwillingness to contribute to long-term socioeconomic development. For instance, the World Bank’s strict liberalization regulations on low-income and developing countries, such as Haiti, stifled the growth of the local private sector. The flooding of the country with inexpensive imports crippled the local private sector, in particular the agriculture sector, in part because it was cheaper to purchase imported goods than locally grown products. The World Economic Forum’s *Global Competitiveness Report* and the World Bank’s *Ease of Doing Business Index* highlight the argument that peaceful countries often have sound regulatory environments, coupled with high levels of competitiveness and economic freedom. However, it is key that stakeholders, including local governments, unions, private sector, and civil society organizations, harness the presence of the international private sector to contribute to sustainable development and peace.

Economic security spectrum

The following section provides an in-depth discussion of the spectrum of conditions that affect human security by either enhancing or constraining economic security in a fragile and conflict-affected state (FCS). As mentioned earlier in this chapter, a broad definition of human security (freedom from fear and freedom from want) guides the understanding and analysis of the empirical data. Furthermore, throughout this dissertation, I emphasize the importance of the freedom to live in dignity within the context of human security. An array of crosscutting issues and concepts, such as development economics, peace economics, and peacebuilding, inform the understanding of economic security in this research project. Specifically, the notion of “positive peace” is woven throughout the spectrum of conditions that affect economic security. The concept of positive peace emphasizes how to sustain peaceful societies: business competitiveness and entrepreneurialism, foundations of well-being, social cohesion and capital, gender equality, youth development, environmental protection, and poverty alleviation. Positive peace is closely linked with human security, as it gives importance to the ability of society to mitigate the effects of violence and conflict and to transition towards sustainable peace. Whereas risks, threats, and vulnerability are negative ways of examining human agency, a more positive approach to human agency is to emphasize the resilience of people or that which enables communities to be active agents in providing solutions to their own human security problems.

1. Public-private relations

Following the intervention of the international private sector in a fragile and conflict-affected state, strong public-private relations can enhance economic security.

Effective cooperation and consensus between the government and the international private sector are key to establishing a clear understanding in which the private sector can operate in a free and fair business environment. Strengthening the lines of communication between relevant ministries and representatives from the government and the private sector can play a pivotal role in public-private relations. Several key international human security indexes, including the World Bank's Worldwide Governance Indicators, indicate that a well-functioning government strengthens development and improves living standards (World Bank 2015c, Freedom House 2015, Economist Intelligence Unit 2014, Bertelsmann Stiftung 2009, Kaufmann and Mastruzzi 2009). Clyde McConaghy notes, "Effective governments provide a quality of public service that gives societies the capacity to deal with violence in a way that does not threaten the societal structure" (McConaghy, 2012, 8). Political stability and institutional effectiveness are key attractors of foreign capital and investment, which, if harnessed properly, contribute to the creation of local jobs and the development of the local private sector. The ease of opening and registering a business, and an integrated planning process across relevant government ministries, can enhance economic security. In addition, a sound business environment, strong economic conditions, economic productivity, the existence of formal institutions that support the operation of the private sector, business competitiveness, a clear and internationally based tender process, the presence of regulatory systems, and an international legal framework for contracts and standards are conducive to business operations (Institute for Economics and Peace, 2015b, 10). A well-functioning government that delivers high-quality public

and civil services, engenders trust and participation, demonstrates political stability, and upholds the rule of law can enhance human security. Other important conditions include strong local institutions that operate fairly and impartially, adequate organizational resources, public sector reform, influential leaders, normative convergence, and the existence of policies that support distributive justice. The implementation of effective governance strategies and capacities is also crucial to mitigate and reduce the risks posed by conflict and natural disasters.

Following the intervention of the international private sector in a fragile and conflict-affected state, weak public-private relations can constrain economic security.

Cultural misunderstandings and the absence of adequate lines of communication between government and the private sector can strain relations between the main parties involved. The presence of an inexperienced or self-absorbed intermediary, such as a consulting firm, between the government and the private sector can further exacerbate tensions and misperceptions between the main stakeholders. A poorly functioning government, weak or partial institutions, and inadequate integrated planning processes across government ministries can constrain economic security. Likewise, an overall substandard business environment – for example, due to bureaucratic obstacles and challenges, the absence of an international legal framework of contracts and standards and adequate regulatory structures, the lack of standardized project timelines, and/or a burdensome and time-consuming process to open and register a new business – will likely dissuade entrepreneurs and the private sector from operating in the market. The absence of applicable governance strategies to address and lower risks from conflict and natural disasters can severely compromise human security.

2. Basic income and poverty alleviation

Following the intervention of the international private sector in a fragile and conflict-affected state, assured access to basic income and poverty alleviation can enhance economic security.

Legal provisions that require the international private sector to employ robust numbers of locals in their business activities can ensure access to employment in the formal economy. The establishment and implementation of strong labor laws are fundamental to ensuring that local communities have access to safe employment opportunities with a fair minimum wage. Having a well-trained and qualified government staff to administer labor laws is key to ensuring employees are not exploited by their employers. An inclusive, independent, and modern social security program that guarantees workers financial and institutional support, such as medical care, is crucial to ensure they do not become destitute upon a disability or retirement. Governments must make sure that international private sector employers pay into the social security program for their local employees. Building trust between potential employees and employers is important to encourage employment in the formal economy. Meanwhile, proper educational opportunities to increase the professional and technical knowledge of the local labor force are crucial to reducing the skill gaps between what is required by the private sector and the actual capabilities of the local workforce. Although not a guarantee, education often expands employment opportunities for communities, particularly for those from the lower economic strata of society (Mourshed Farrell and Barton 2012, Nussbaum 2004, Brown 2003).

Following the intervention of the international private sector in a fragile and conflict-affected state, the absence of assured access to basic income and poverty alleviation can constrain economic security.

Allowing the international private sector free rein for companies to operate solely on their own discretion is problematic. Without incentives or legal provisions to hire at least a certain proportion of local staff, the overwhelming majority of foreign companies relocate managerial staff from their home countries and recruit low-skilled workers from developing countries, albeit with substandard wages. Without legal frameworks and proper implementation of minimum wage and social security requirements, employers set their own benchmarks for salaries and benefits. The absence of labor laws to protect employees creates space for employers to exploit and take advantage of their workers. The lack of a robust social security program can decrease trust regarding employment security with the international private sector and encourage potential job seekers to depend on the public sector to provide employment. Furthermore, without the provision of a free and fair education system that matches the skill sets required for employment in the private sector, the likelihood of the international private sector to seek both non-skilled and skilled employees from abroad will likely increase. Without gender-mainstreaming strategies that ensure basic income and poverty alleviation, vulnerable groups such as women are more likely to experience poverty and remain outside of the formal economy and labor market.

3. Public and private sector employment, wage employment, and self-employment

Following the intervention of the international private sector in a fragile and conflict-affected state, public and private sector employment, wage employment, and self-employment can enhance economic security.

Strong relations between the international private sector and local distributors and contractors can create opportunities to develop the local private sector and contribute to knowledge transfer and further cultural understanding. The provision of microfinance opportunities and financial assistance for small and medium-sized enterprises (SMEs) can broaden the scope of employment. Creating space and financial support for developing social entrepreneurship can provide opportunities for social change. Strategies to reduce poverty and unemployment strengthen the resilience of a society to withstand internal and external economic shocks. Furthermore, universal health coverage and health sector development can ensure that all individuals have access to quality health services regardless of financial status. Access to health care and the prevention of preventable diseases and infections, such as rabies and sexually transmitted infections, are all crucial to a healthy and safe society.

Following the intervention of the international private sector in a fragile and conflict-affected state, the absence of public and private sector employment, wage employment, and self-employment can constrain economic security.

The dominance of the international private sector can severely compromise the development of the local private sector, thereby weakening the prospects of non-public sector employment. Collaborations between international companies and large local corporations might be positive; however, these partnerships often neglect the capacity of local SMEs. The absence of public-private sector initiatives that introduce potential

SMEs to partnerships with international investors may prevent the local private sector from expanding into the market. International companies rarely hire a significant percentage of locals when they are not legally required or encouraged to do so. Oftentimes, in fragile, conflict-affected, and violent regions, the public sector serves as a major employer. However, a high prevalence of appointments based on political patronage and government make-work jobs can contribute to a bloated public sector and can reinforce long-established patronage networks. Entrepreneurship, competition, and innovation are typically stifled when the government is the main source of employment. The absence of financial support for social enterprises weakens the possibility for social change and entrepreneurship to emerge. Furthermore, increased poverty and high unemployment can severely threaten the resilience of a society to withstand internal and external economic shocks.

4. Rehabilitation and diversification of the agriculture sector

Following the intervention of the international private sector in a fragile and conflict-affected state, the rehabilitation and diversification of the agriculture sector can enhance economic security.

Economic prosperity for farmers and expansion of farm-to-market roads are crucial to ensure the development of the agriculture sector. The ease of transporting local food products to the market encourages local food production, provides a cheaper and healthier option for local consumption, and widens the potential for export to surrounding regions. Government support for the agriculture sector in the form of food production incentives, price subsidies, strategic storage, and grants can all help farmers compete with less expensive foreign products in the market. (Norell et al. 2015). Agricultural products must be affordable especially for vulnerable households (Ip et al.

2015). A long-term approach that addresses the development and diversification of the local agriculture sector, the advancement of new technologies, the integrity of the environment, and the protection of infant agricultural industries will lessen long-term dependency on food imports and thereby strengthen food security (United Nations Human Security Unit 2009). Cross-sectoral strategies, such as sustainable food value chain development to reduce poverty and hunger, serve as multipliers for socioeconomic growth. Fair land resettlement programs are key to ensuring that the local agriculture sector is not disrupted in the name of economic progress. The development of strategies to adapt to climate change are crucial to ensuring the sustainability of the agriculture sector. Furthermore, the drivers of the agriculture sector's vulnerability to negative climate change must be identified and mitigated.

Following the intervention of the international private sector in a fragile and conflict-affected state, the absence of rehabilitation and diversification of the agriculture sector can constrain economic security.

The absence of adequate farm-to-market roads, the destruction of towns and farmlands, forced displacement of farmers, and economic sanctions can severely endanger the agriculture sector. The costs of production and transport increase considerably without proper infrastructure and effective market transportation for farmers to move their goods to local and regional markets in a timely manner. The absence of a long-term government strategy to develop and enhance the agriculture sector particularly impacts small farmers who rely on subsistence and traditional farming, all of which are vulnerable to market flooding of low-cost food imports. Food dependency on imports, population growth, and the absence of agricultural production threaten economic security. The absence of fair land resettlement projects and land access, are major social

risks for the natural resources sector. Furthermore, the sustainability of the agriculture sector is endangered by a lack of awareness concerning the potential vulnerabilities of the environment to climate change (Poulsen et al. 2015). An absence of environmental management, water scarcity, critically high levels of pollution, the lack of high-quality food, low levels of nutrition, high levels of poverty, the absence of public services, and weak agricultural productivity severely hinder the rehabilitation of the agriculture sector (Kandeel 2014).

5. Infrastructure recovery and restoration of access to basic services

Following the intervention of the international private sector in a fragile and conflict-affected state, infrastructure recovery and the restoration of access to basic services can enhance economic security.

Peaceful countries tend to ensure equity in access to resources such as education and health, as well as – although to a lesser extent – equity in income distribution. A rights-based strategy for infrastructure development ensures equitable distribution of resources and governance of basic services. Streamlining the government procurement process, strengthening relations with local businesses – in particular, social enterprises – and purchasing supplies from the local private sector can have a significant positive impact on economic development and job creation (Bradley 2013). The presence of anchor institutions such as hospitals, museums, universities, and other institutions that provide a public good can serve as multipliers for social change. Strong relations between community leaders, representatives from the government, and the private sector can help to reduce the likelihood that local people's livelihoods and traditions will be destroyed in the name of economic progress. Infrastructure recovery serves as a major pillar in the development of farm-to-market roads, thus influencing the

rehabilitation and diversification of the agriculture sector. The restoration or building of critical infrastructure, such as banking and finance systems, electrical grids, telecommunication systems, and water systems is crucial not only to facilitate self-sufficiency, but also to improve the capacity of a society to adapt and reconfigure in times of disaster.

Following the intervention of the international private sector in a fragile and conflict-affected state, the absence of infrastructure recovery and restoration of access to basic services can constrain economic security.

The absence of a rights-based and a crosscutting, multi-level governance policy to address infrastructure recovery in areas such as water management and human health systems can undermine fair socioeconomic development and lead to an inequitable distribution of resources. Without a proper strategy to leverage the presence of anchor institutions, the local private sector will likely miss an opportunity to benefit from the procurement process. The development of infrastructure without expanding the capacity of the local private sector and labor force undermines economic growth across different socioeconomic levels. The absence of government oversight and upkeep of infrastructure further undermines any progress undertaken. Moreover, without favorable prospects for communication between the government, private sector, and local communities, it is likely that unjust and sporadic infrastructure recovery will be preferred in the name of economic progress.

6. Dismantling of a war economy and illegal economic networks

Following the intervention of the international private sector in a fragile and conflict-affected state, the dismantling of a war economy and illegal economic networks can enhance economic security.

Legal economic networks can be strengthened by the implementation of a strong and transparent pre-inspection process for imported goods, streamlining and automating the inspection process at border crossings, the reinforcement of strong border controls, and strengthening private sector and community relations on each side of the official borders. Good relations with neighbors are beneficial for the private sector and attract foreign direct investment (FDI) and human capital inflows (Institute for Economics and Peace 2015b). A functioning government that is regionally integrated, and relative political stability with low levels of organized internal conflict and corruption, can boost confidence and trust in institutions and the formal economy, thus delegitimizing illegal economic networks and leading to the dismantlement of a war economy (Institute for Economics and Peace 2015b). Security sector reform and the redirection of excessive funding of the military and security sector to sectors that have a direct impact on development send a positive message that the government is committed to sustainable peace (Kummel 2002). Furthermore, the existence of robust laws that guarantee basic human rights and freedoms is crucial to the help citizens learn to accept the rights of others. The development of informal social and cultural standards that relate to the behaviors of citizens is important to gauge the level of tolerance among different ethnic, linguistic, religious, and socioeconomic groups.

Following the intervention of the international private sector in a fragile and conflict-affected state, the presence of a war economy and illegal economic networks can constrain economic security.

The absence of a strong and transparent pre-inspection process, a disjointed and outdated inspection process, regional economic instability and interdependency such as weak border and customs control, and poor relations between regional private sector circles and communities living along formal borders can further exacerbate illegal economic networks (United Nations Human Security Unit 2009). Bad relations with neighbors compromise the prospects for FDI and human capital inflows. The lack of sufficient regional integration, the inability to respond to internal and external economic shocks, and the failure to dismantle cross-border illegal economic activities undermine any sense of legal economic, institutional, and regulatory frameworks. A weak government and economic institutions, political instability, and high levels of organized internal conflict severely threaten human security. Excessive military funding and the lack of security sector reform undermine prospects for peace. The presence of interrelated illegal and criminal economic networks and extreme levels of corruption reinforce the existence of a war economy. The absence of laws that guarantee human rights and freedoms may lead to civil unrest and corruption and can be the catalyst for more serious violence.

7. Expansion of opportunities for people through training, skills development, and empowerment

Following the intervention of the international private sector in a fragile and conflict-affected state, the expansion of opportunities for people through training, skills development, and empowerment can enhance economic security.

In countries where the power structure has deliberately selected a neoliberal model of development and especially where FDI is the primary source of available capital, the government and the domestic private sector must work with foreign companies to develop a trained workforce. Human capital development, which expands the skills, education, health, and training of individuals, is fundamental to economic security and sustainable peace (United Nations Human Security Unit 2009, Ogunade 2011). A strong human capital base reflects the extent to which societies are willing to educate citizens and encourage the development of knowledge. Initiatives that develop curriculums and build connections with the education system and the labor market are key to ensuring that students are equipped for the immediate or emerging needs of the private sector. The expansion of free to minimum-cost high-quality post-secondary, technical, and vocational education opportunities allows individuals to choose which career path may be best for them. Ongoing professional skills development, internships, and vocational assistantships reinforce employment continuity with foreign corporations. Strong relations between the government and the international private sector are key to encouraging foreign companies to provide opportunities for local staff and students to gain further experience in their designated sector. It is important that a society properly utilizes the education, experience, and talents of its labor force, as there are clear correlations between human capital, economic performance, and poverty alleviation in fragile and conflict-affected countries.

Following the intervention of the international private sector in a fragile and conflict-affected state, the absence of opportunities for people through training, skills development, and empowerment can constrain economic security.

Diminished human capital due to wars, disasters, and civil strife, especially at the local level, and the absence of human development opportunities may lead to increased

unemployment, underemployment, economic insecurity, stagnation, and the emergence of criminal enterprises. States must assist in human capital development not only for obvious FDI-focused projects, such as those found in resource-dependent “rentier” economies. Every effort must be made by private-public partnerships to develop multiple sectors of the economy so that if primary sectors – especially those dependent on the export of commodities – falter, the country is not left destitute and/or dependent on criminal economic activity to survive. A stark gap between career expectations and educational levels coupled with professional experience may create a sense of frustration among new-entry employees and may lead to job-hopping or employment in the informal labor market. Furthermore, an overqualified workforce that is unable to find compatible positions may strain the social cohesion of society, leaving many professionals wanting to emigrate. Structural impediments to socioeconomic growth, such as poverty, inequality, and the exclusion of vulnerable groups from the formal economy, can also affect the opportunities available for professional growth (International Labour Office 2014).

8. Development of productive activities for ex-combatants, returnees, and impoverished groups

Following the intervention of the international private sector in a fragile and conflict-affected state, the development of productive activities for ex-combatants, returnees, and impoverished groups can enhance economic security.

A livelihoods approach to productive activities that emphasizes the “capabilities, assets, (including both material and social resources) and activities required for a means of living” (Carney 1998, 213), rather than just focusing on income generation is more likely to enhance economic security. Although job creation and financial compensation for duties performed are important, not everyone has the capacity or ability to engage

in paid productive activities, due to family constraints or a shortage of employment opportunities in the formal economy. Therefore, it is crucial to recognize the importance of activities that fall outside the formal economy, such as civic engagement, community service, unpaid domestic work, and creative artistic work. While initiatives that expand opportunities for productive activities should be sensitive to the specific needs of each group, there are overarching forms of support that can prove beneficial to ex-combatants, returnees, and impoverished groups. The absence of a war economy, illegal networks, and high levels of crime and violence makes it possible for individuals from these groups to participate in activities that best fit their talents and ability. Both public and private initiatives that provide training and education opportunities can help individuals gain the skills necessary to expand prospects for self-employment and acquire positions within the formal economy. Social support such as cash transfers can provide much-needed financial assistance while individuals are gaining skills required for paid employment. Although not a solution to tackling unemployment, the expansion of social enterprises can serve as multipliers and harness existing spending flows to support job creation and productive opportunities. Furthermore, it is critical to address the barriers that prevent members of these three groups from accessing employment in the formal economy.

An appropriate disarmament, demobilization, and reintegration (DDR) program is central to emboldening ex-combatants to seek employment in the formal economy and participate as active citizens in their communities. However, in addition to creating productive activities for ex-combatants, it is important to acknowledge actions they may have committed, such as atrocities against civilians, including members of their own communities. These acts of violence may create a sense of suspicion that prevents them

from gaining and maintaining respectable employment in the formal economy. At the same time, support groups and organizations that provide psychological support to address Post-Traumatic Stress Disorder (PTSD) are crucial in assisting ex-combatants to reintegrate into civilian life. Low levels of participation in illicit activities and the absence of links to recruiters from neighboring conflicts protect individuals from falling into a criminal lifestyle. An assessment of the tools available to prevent violence and identification of gaps in national and cultural responses to violence are imperative to diminish the cycle of violence.

Oftentimes, returnees and individuals from impoverished groups have a difficult time navigating the employment market, as their skills might not match the opportunities available. As part of a broader development program, initiatives that develop human capital and that disseminate information on paid positions can expand opportunities for gainful employment. Furthermore, the existence and enforcement of labor laws, which ensure that employees are not taken advantage of, are critical to ensuring a smooth transition for individuals from the informal to formal economy. The absence of gender-biased practices ensures that in particular, women are able to access opportunities in the formal labor market. Social protection from the state guarantees support, even if individuals are not able to acquire employment in the formal economy. The presence of strong social contracts to manage and distribute resources ensures collective well-being and opportunities to multiply scarce resources. Positive family role models, supportive community associations, engaged schools, and a strong civil society reduce the exposure of children to violence and promote positive links within communities. The existence of safe modes of transportation is important for eligible workers and job seekers, particularly for female members of the workforce. Financial support for social

enterprises that provide vehicles, ride share options, and vehicle repair expands transportation possibilities.

Following the intervention of the international private sector in a fragile and conflict-affected state, the lack of productive activities for ex-combatants, returnees, and impoverished groups can constrain economic security.

The absence of a livelihoods approach to productive activities ignores the non-financial contributions of individuals to the social cohesion of society. The presence of a war economy, illegal economic networks, and high levels of crime and violence severely compromise the development of productive activities for members of these groups. The absence of a sound DDR strategy leaves ex-combatants fully responsible for their reintegration into society. Oftentimes, it is difficult for ex-combatants to acquire a professional job, leaving many of them susceptible to depression and PTSD and vulnerable to becoming homeless. The absence of targeted financial assistance, public and private institutions that provide human capital development initiatives, robust labor laws, and social enterprises that support productive activities increases the probability that members of these groups will pursue opportunities in the informal economy, thus leaving them susceptible to exploitation and recruitment into criminal enterprises. A weak social structure, one that does not emphasize a strong civil society and democratic freedoms, leaves communities vulnerable to outbreaks of violence, particularly among youth.

9. Provision of microfinance opportunities

Following the intervention of the international private sector in a fragile and conflict-affected state, the provision of microfinance opportunities can enhance economic security.

The development of financial infrastructure permits the provision of an array of financial services such as deposits, insurance, loans, money transfers, and savings to low-income households and their microenterprises. Access to microfinance and investment in the local private sector contribute to an increase in productive capacity, ensure sustainable economic growth, and enhance the resilience of the local private sector. Capacity development, supportive policies, and targeted investments help secure intergovernmental transfers and vital sub-national government financing. A close analysis of microfinance institutions and their operations is required to ensure they have a “clear social mission that is focused on alleviating poverty and making a social and environmental impact on the community. If social microfinance institutions are to be coherent with their mission, their loan assessments should include not only financial aspects but also social and environmental aspects” (Serrano-Cinca, Gutierrez-Nieto and Reyes 2015, 1, Allet 2014, Allet and Hudon 2013). Sound structures to evaluate the creditworthiness of applicants are important to ensure that individuals from low-income households are not caught in a situation where they are unable to afford payments and end up in worse financial circumstances than before they were awarded microcredits or loans. Acknowledgement of the existing financing value-chain and its limitations is crucial to understanding the local context. As a part of the discourse on sustainability the expansion of corporations and social enterprises that protect the environment and contribute to social prosperity and the welfare of society can have a positive impact on economic security.

Following the intervention of the international private sector in a fragile and conflict-affected state, the lack of microfinance opportunities can constrain economic security.

The absence of financial infrastructure and services makes it difficult for individuals from low-income households and microenterprises to access crucial monetary support. Without capacity development and targeted investments, the quality and volume of intergovernmental transfers and sub-national financing are limited. Regulatory challenges and a lack of accountability of microfinance institutions create an atmosphere ripe for fraud and corruption (Armendariz and Szafarz 2011). Furthermore, without proper examination of their creditworthiness status, applicants might default on loans, pushing them into a deeper state of vulnerability. Absence or gaps in the local financing value-chain might exclude potential entrepreneurs and businesses that have the potential to provide a public good. Mismanagement and negative cultural, institutional, and political attitudes might further constrain economic security.

10. Clarification of property rights

Following the intervention of the international private sector in a fragile and conflict-affected state, the clarification of property rights can enhance economic security.

The clarification of property rights encompasses intellectual property rights, housing, and land rights. Whether political parties or elites, actors that control the decision-making process regarding the clarification of property rights hold a significant amount of power. Oftentimes, the administration of property rights enables the incumbent political party to condition rights to land and property based on political behavior, further reinforcing the position of the political party (Castaneda Dower and Pfutze 2015). An environment of patronage and clientelism arrangements is prone to trigger conflict and reinforce inequality. To restore trust in communities and address the impact

of violent displacement, it is crucial to establish an impartial legal framework and protections to secure property rights, robust land strategies, strong contract enforcement, and post-conflict property restitution, particularly in the sectors of agriculture, manufacturing, and real estate. With limited natural resources and climate change affecting the quality of land and resources available, it is essential for the state to provide increased protection of property rights. As there are competing notions of property rights, the state's impartial definition of property and associated rights may reduce conflict between competing actors (Butler and Gates 2012, Kimbrough and Sheremeta 2014).

Following the intervention of the international private sector in a fragile and conflict-affected state, a lack of clarification of property rights can constrain economic security.

A patronage environment that operates with clientelism arrangements compromises an ethical clarification of property rights. Corruption and exploitation of power emerge in the absence of impartial legal parameters and transparent decision-making processes for the distribution of property rights. In particular, post-conflict countries will remain in a fragile state if they do not address the impact of violent displacement, the absence of secure property rights, severe discrepancies in land strategies, inadequate contract enforcement structures, and nonexistent property restitution. Weakening property rights and prioritizing the private sector in the name of economic progress undermines the legitimacy of the government.

11. Macroeconomic development and job creation

Following the intervention of the international private sector in a fragile and conflict-affected state, macroeconomic development and job creation can enhance economic security.

Inclusive economic strategies and equitable distribution of basic services are crucial to ensure the economic well-being and prosperity of all citizens. Private sector-supported activities such as a sound foreign investment policy, one which emphasizes the expansion of the local private sector, the presence of economic capital, financial reserves, a diversified economy, and ensuring an open culture towards investment and government policy and incentives can contribute to the enhancement of economic security (United Nations Human Security Unit 2009). Strong and transparent customs regulations, development of the banking and finance sector, expansion of the insurance sector, and infrastructure recovery can increase investors' confidence in the economy. Private enterprise and competition policy regarding starting a business, intellectual property, and combatting nepotism ensure that high levels of corruption are kept at bay. A transparent collection of taxes, including corporate and personal taxes, provides a government with additional financial resources to utilize for socioeconomic development.

The creation of quality jobs in the private sector, with good benefits and a fair wage, family support schemes, opportunities for professional development, a safe work environment, and transparent hiring practices is important for equitable economic development. An integrated and innovative framework that addresses barriers such as needs for child care, home health support, sick leave, and transportation to and from workplaces for job seekers – especially individuals from vulnerable groups – to acquire

and maintain a job can expand employment opportunities and have a positive impact on socioeconomic development. Vibrant employment services that develop the labor market and pair job seekers with potential employers in the private sector can help expand employment outside the realm of the public sector. Employees who earn low wages need a predictable income, benefits, and a regular work schedule as oftentimes they try to maintain multiple jobs to offset minimal earnings.

Following the intervention of the international private sector in a fragile and conflict-affected state, the absence of macroeconomic development and job creation can constrain economic security.

A neoliberal model that fails to promote inclusive strategies and diversify the economy can severely stifle growth and exacerbate social disintegration. Increased poverty and unemployment, the collapse of the economy, limited economic opportunities, and a lack of capacities and resources to reinvigorate the economy can further compromise prospects for sustainable economic development. A business environment that is vulnerable to external and internal shocks, dependent on only one sector, such as the oil and gas sector, to generate GDP, inadequate policy-making abilities, an economy that witnesses low probability and public finances, dependence on regional markets, and cross-border illegal activities all negatively affect economic security. The absence of private sector-supported activities such as foreign investment policies that ensure an open culture towards investment and government policy and incentives can decrease the private sector's confidence. High levels of corruption, a nonexistent or weak dispute resolution process, and disregard for international legal frameworks can raise questions regarding the credibility of the government.

A shortage of gainful and quality employment opportunities in the private sector, the dominance of the public sector as a major employer, an unbalanced presence of foreign labor, weak technical and language skills, limited managerial experience, inflexible labor laws, and bleak prospects for professional training stifle the expansion and diversity of talents of the local labor force. The absence of transparent hiring practices, substandard benefits, unpredictable work schedules, unsafe working environments, and unrealistic salary expectations in relation to levels of employment experience and education can cause frustration among the workforce. Without structured institutions and professional support, both skilled and unskilled job seekers are left to search for critical sources of income, with some turning to illegal networks.

12. Establishment of social safety nets

Following the intervention of the international private sector in a fragile and conflict-affected state, the establishment of social safety nets can enhance economic security.

Complex emergencies and armed conflicts can have a dramatic impact on human security and exacerbate existing social tensions. A broad social protection agenda is crucial to maintain access to essential services and build the long-term resilience of society to future shocks. Developing countries only spend approximately 1.6 percent of their GDP on social safety nets (World Bank 2015b). However, these support programs are central to protecting poor and vulnerable households from economic shocks and natural disasters. Innovative strategies such as conditional or unconditional cash transfers, nutritional food distribution programs, universal food subsidy schemes, public works, and employment guarantee programs can safeguard communities against risks of their livelihoods, prevent people from adopting damaging coping mechanisms such

as depleting assets, and can assist their transition out of poverty (United Nations Human Security Unit 2009).

Following the intervention of the international private sector in a fragile and conflict-affected state, the absence of social safety nets can constrain economic security.

Oftentimes, states that have recently experienced conflict, disasters, or economic crises are overwhelmed with demands for assistance from citizens. Without a robust social protection agenda, vulnerable individuals and households are more susceptible to deeper economic crisis and disasters, as they are forced to assume detrimental coping mechanisms such as draining any existing liquidity to survive. According to the International Labour Organization (ILO), approximately “80 percent of the world’s population lacks access to adequate social protection and more than half lacks any coverage at all” (FAO 2012, 18). As mentioned earlier, there are an array of government social welfare models, however; it is crucial they are appropriate for the local setting in order to successfully deliver support to the most vulnerable. Macroeconomic irregularities can compromise a government’s capability to provide cash transfers. Yet, there are certain consistencies, such as labor supply for public works and employment guarantee programs that can provide assistance to vulnerable households during severe economic hardship. Without a rights-based approach to the provision of social safety nets, there could be major differences between the level of participation and benefits, as not every citizen has the same ability or available time. A meticulous analysis of social protection is required to ensure that poverty, inequality, and the erosion of social cohesion do not expand significantly.

13. Provision of well-coordinated, predictable, and multifaceted aid

Following the intervention of the international private sector in a fragile and conflict-affected state, the provision of well-coordinated, predictable, and multifaceted aid can enhance economic security.

A social justice approach to humanitarian and development assistance is crucial to ensure support to the most vulnerable groups, including IDPs and refugees. Disaster risk reduction requires immediate and uninterrupted relief items, coordination among stakeholders, and an organized, efficient, and transparent distribution system. The inclusion of all stakeholders is key to understanding local political or religious sensitivities. Consideration of multiple layers of assistance is important, as disasters often have a trans-border dimension to them. Development interventions must be suited to the local conditions and ensure long-term sustainable and equitable development. It is critical to implement a coordinated approach towards sustainable development and work across sectors such as agriculture, health, and education to leverage limited resources. Furthermore, it is important to encourage engagement of all stakeholders including local NGOs and community leaders, donors, policy-makers, and program managers to meet regularly and discuss how efficiency and impact can be improved.

Following the intervention of the international private sector in a fragile and conflict-affected state, the absence of well-coordinated, predictable, and multifaceted aid can constrain economic security.

Discrepancies in humanitarian aid and development assistance and the absence of sound inclusive strategies can compromise the best-integrated approach to disaster management and socioeconomic development. Without the engagement of all stakeholders, interventions often fail to address the structural causes of conflict and

natural disasters due to climate change (Harris et al., 2013). Delays in sending relief items, weak coordination, and unorganized, inefficient, and corrupt distribution systems severely compromise the positive impact of assistance on reducing suffering and environmental degradation. It is important that any humanitarian or development assistance does not make an unstable situation worse. For instance, dependency on food aid without proper agriculture development can increase food prices and foreign exchange, which can be detrimental to an emerging economy.

Conclusion

As discussed earlier, with the end of the Cold War and the expansion of technology, the world became interdependent and interconnected. It was apparent that old-world traditions were no longer appropriate or relevant to tackle multidimensional security challenges. Scholars such as Barry Buzan, Ken Booth, Keith Krause, Mary Martin, and Oliver Richmond began to question the status quo, by presenting alternatives to the way we perceive the world, and proposed strategies to mitigate the structural causes of conflict and human insecurities. Not immune to criticism, scholars such as Mohammed Ayoob and Bill Sweeney challenged critical security studies to seriously reflect on its impact in the field of international relations. Human security further emerged as an additional approach to addressing contemporary global issues. The two main strands – deemed the “narrow school” (freedom from fear) and the “broad school” (freedom from want and freedom from fear) – share a common goal of addressing threats to the individual; however, they each have different paths for how to achieve that goal. The human security paradigm addresses the structural causes of conflict, and proposes a multidimensional approach to addressing the human insecurities of today. Economic security, a component of human security, provides the main theoretical architecture of

this research project, with a series of targets in which to measure the impact of the international private sector. As will be highlighted in the forthcoming empirical chapters, economic security complements the other six strategies to enhance human security by analyzing both monetary and non-monetary factors, such as public-private relations, infrastructure recovery, restoration of access to basic services, and macroeconomic development.

Chapter 3 – Contextual Framework

Introduction

The aim of this chapter is to provide an in-depth review of the contextual framework for this research project. The first section will discuss the rise to power of the Justice and Development Party (AKP) otherwise known as the AK Party, in Turkey, since it was elected in 2002 (Carkoglu 2011). The AK Party promoted an array of approaches “to foster the linkages between political stability, economic welfare and cultural harmony in order to attain sustainable global peace” (Turkey Ministry of Foreign Affairs). Building on previous government policies of cooperative security and multilateralism, the AK Party established a multidimensional approach to foreign policy (Menderes 2011, Robins 2006). Due to the complexity of relations between Ankara–Baghdad and Ankara–Erbil, the chapter will intertwine points of confrontation regarding the struggle over autonomy of the Kurdistan Region of Iraq (KRI) versus the unity of Iraq, and the ongoing conflict over territory, resources, and influence, coupled with the opportunities for economic development in the region.

The second section will provide an overview of the economic component to this thesis. A brief overview of the AK Party’s efforts to implement previous government economic policies, as well as Turkey’s economic progress in the form of GDP growth, relatively low inflation rates, fiscal austerity, and unforeseen levels of privatization and foreign direct investment will be addressed (Onis and Senses 2009). This thesis moves away from a purely traditional security perspective and presents a new perspective on the deepening and widening of the Turkish private sector’s presence in the KRI. The section will illustrate how Turkish trade and investment have been crucial to boosting the development of the KRI, to contributing to Turkey’s own long-term socioeconomic

development, and how they have been an important source of support for the AK Party since the 2003 U.S.-led invasion of Iraq.

With regard to the growing presence of the Turkish private sector in the KRI, the main business associations that pertain to this research thesis will be identified. More detailed information on the businesses themselves is included in the Index Section of this dissertation. Lastly, I will look at the economic integration and interdependence between Turkey and the KRG over the last decade. Furthermore, in addition to the main respondents, I conducted interviews with key representatives from the Turkish private sector to gain insight into the presence of the major sectors that operated in the KRI.

The third section of this chapter provides insight into the ambitious plan undertaken by the Kurdistan Regional Government (KRG) of Iraq to transition from an entirely state-run economy to a more neoliberal approach to economic growth, albeit while depending heavily on oil exports since the U.S.-led invasion in 2003. Building on the experience of self-rule following the enforcement of the no-fly zones in the 1990s and the sudden withdrawal of government officials by Saddam Hussein from the KRI, the KRG established key government bodies, such as the Parliament, the Board of Investment (BOI), and the Ministry of Planning (MOP) to pursue democratic reforms and expand private sector activities in the region. The KRG orchestrated strategies to promote socioeconomic development in the region and implemented key private sector-friendly legislation to attract foreign investment. However, despite significant progress in institutional development, the KRG still struggled to build a diversified economy and develop an independent local private sector. The investment-friendly environment, including the main piece of legislation, the 2006 Investment Law, deemed one of the

most generous economic frameworks in the region, enticed the Turkish private sector to further engage in the KRI. In cooperation with the Turkish government, led by the AK Party, the Turkish private sector contributed to the normalization of Ankara-Erbil relations. Turkey's need to expand its source of energy supplies, and desire to establish itself as a transit country for energy supplies to Europe, influenced a deepening and widening of diplomatic, economic, and security aspects of Ankara-Erbil relations. Mehmet Erman Atik noted, "We have not taken any financial support from the Turkish government or any other related associations. However, the current political relationship between Turkey, KRG, and Bagdad is encouraging enough to make you feel that it is worth it to be there" (Mehmet Erman Atik, Catoni, 2014, Interview, Istanbul).

Understanding Turkish foreign policy

Since the creation of the modern Turkish state, Turkish foreign policy related directly to its experience of great-power rivalry and foreign occupation during and after WWI (Helmreich 1974). The victorious powers sought to occupy and divide almost all of the former Ottoman territories, leaving the Turks with comparatively modest territory to claim as their own. During the Turkish War of Independence which began with the Amasya Agreement in 1919 and lasted until the Turkish Republic was announced in 1923, two major treaties were instituted (Sumer 2013). The government of the last Sultan, Vahdettin, reluctantly yet eventually adopted the Treaty of Sevres in August 1920. According to Section III, Articles 62-64, a referendum was to take place to allow the Kurds to decide the future of their territory (Kelly 2010). However, the Sevres Treaty was never implemented, and the creation of a Kurdish state was not included in the subsequent Lausanne Treaty adopted in 1923.

Mustafa Aydin notes that as the leader of the resistance movement against foreign occupation, Mustafa Kemal Atatürk was concerned with the “independence and sovereignty” of the new republic (Hale 2000, 44, Bottini 2007, Davison 2003, Demirtas Bagdonas 2008, Aydin 2004, 11). Thus, “his foreign policy objectives reflected a departure from the expansionist ideology of the Ottoman Empire” (Aydin 2004, 11). Bulent Aras argues that Turkey’s “new mindset was responsive and defensive, with serious concerns for the survival of the new nation-state” (Aras 2009, 30). With regard to Turkish foreign policy post-WWI, the former Foreign Minister of Turkey, Tevfik Rustu Aras, remarked, “Our foreign policy is simple and direct; we seek friendship with all, alliance or groupement with none” (Grew 1952, 917, Ahmad 2004). Atatürk’s determination to “reconstruct the Turkish state on quite untraditional lines – as a secular republic, committed to modernism and a Turkish-ethnic rather than Muslim identity” (Hale 2000, 44) solidified the urgency to align with the “West” (Okman 2004, Ahmad 1969). The late foreign policy of the Ottoman Empire reflected the notion that non-Western states, particularly those in the Middle East, did not adhere to the principles that would facilitate Turkey’s path to modernity. Furthermore, negative stereotypes that people living in the former Middle Eastern territories of the Ottoman Empire were unmodern and uneducated emerged among the intellectual class in the early days of the new Turkish Republic.

During the Cold War, Turkey adopted the American policy of “containment” of the Soviet Union, which was formulated by George F. Kennan, and introduced as part of the Truman Doctrine. As part of the Western alliance, Turkey received financial aid from the United States and, along with Greece, was eventually accepted as a member state to the North Atlantic Treaty Organization (NATO) in 1952. Having based its

foreign policy on a combination of cooperative security and realpolitik, Turkey saw being a member of NATO as essential to its national security (Aydin 2000). However, Turkey's "role as bulwark against Soviet expansionism on NATO's southern flank meant that its external relations were heavily constrained" (Aleassandri 2010, 87). Disagreements over Turkey's alliance with the Western Bloc started to emerge over its perceived position as a buffer zone against Soviet expansionism, Turkey's invasion of Cyprus in 1974, military coups in Turkey in 1960, 1971, and 1980, and over the unfair treatment of its Kurdish population (Lesser 1992, Bal 2005, Aydin 2000).

The bi-polar world disappeared with the end of the Cold War, and a new multi-polar system began to develop that would change Turkey's foreign policy. Ahmet Sozen argues that two opposing global trends emerged: fragmentation or disintegration, and integration. He notes, "On the one hand, the EU had been widening and deepening their integration, while on the other hand, such multi-ethnic countries as the former Soviet Union and the former Yugoslavia had been disintegrating into dozens of nation-states. The two opposing global trends of the post-Cold War era created an ambivalent atmosphere of optimism and pessimism" (Sozen 2010, 113). It is within this shifting of the balance of power, and the changing security perceptions of Turkey and its Western partners, that Turkey reassessed its own position in the new system and the way in which it operated (Dorronsoro 2004, Robins 2007, Sayari 2000, Onis 1995). Thus, Turkey's search for a more independent and multidimensional foreign policy began to unfold. According to Kardas, former Foreign Minister Ismail Cem (1997-2002) led Turkey to increase its "use of cultural factors and Turkey's multi-civilizational identity, along with reconciliation with the Middle East" (Kardas 2010, 122). Considering domestic and global developments, former Prime Minister Turgut Ozal emphasized both economic

liberalization and rapprochement with Turkey's neighbors. However, due to the domestic challenges Turkey faced, such as the PKK insurgency and other regional conflicts, Turkish foreign policy was based on cautious activism, and continued to rely on a strong military and military relations with key partners, such as the United States, the European Community (EC), and Israel (Oguzlu 2010).

Beginning in the 1990s, Turkey's desire to assert itself as an important component of European security – to acquire “candidate status,” let alone become a member state of the European Union (EU) – served as an “anchor” for democratic promotion in Turkey (Kubicek 2005, Kubicek 2011, Kubicek 2008, Camyar and Mustafa Tagma 2010, Glyptis 2005, Park 2012). By introducing democratic reforms and encouraging a desecuritization of issues, such as the demand by minorities for more cultural and political rights (Barkey and Fuller 1998, Aytac 2010), the EU agreed that Turkey was a suitable candidate for membership, and confirmed that the official negotiation process could begin in 2005 (Alessandri 2010, Grigoriadis 2009, Diez 2005, Casanova 2006, Kubicek 2011, Adanir 2005, Bonner 2005, Gates 2005, Wood and Quaisser 2005, Muftuler-Bac 2008, Avci 2003, Aydinli, Ozcan and Akyaz 2006.) Promises to uphold the reform process were made by the AK Party after their single-party government took power in 2002 (Sozen 2005). Turkey appeared to be on a democratic trajectory as the government reformed key pieces of legislation that supported the rule of law, human rights, good governance, access to education regardless of religious beliefs, and economic well-being in its neighborhood, in line with the *acquis communautaire*, the compilation of all European Union laws and regulations (Grabbe 2002, Muftuler-Bac 2008, Legendijk 2013). However, a slew of mishaps on behalf of both EU member states and Turkey and perceived biases in the objectivity of the accession process shifted

the excitement over Turkey's possible membership to the Western club to an air of passivity and outright opposition to the idea of membership. According to Kemal Kirisci, there was "domestic opposition and fear that Turks may flood the Unions' labor market and aggravate immigration-related problems" (Kirisci 2004, 91).

Turkish foreign policy under the AK party

Hugh Pope argues that under the AK Party, Turkey has pursued both opportunist and isolationist strands (Pope 2015). Building on previous government policies of cooperative security and multilateralism, the AK Party established a multidimensional approach to foreign policy (Menderes 2011, Robins 2006, Cornell 2012). Emiliano Alessandri notes that the AK Party gave "full course to the processes that had started in previous years while further widening the network of Turkey's relationships and affiliations" (Alessandri 2010, 89). According to Saban Kardas, the AK Party foreign policy platform "is the extension of a liberal economic and cooperative-security approach to a new region where realist concerns traditionally determined Turkey's conduct" (Kardas 2010, 122). Furthermore, the AK Party was motivated by a "geopolitical approach involving a desire to conduct international relations according to Realpolitik and nineteenth-century diplomacy, and a geocultural approach envisaging a leadership role for Turkey in the historical trajectory of Islamic world" (Kardas 2010, 123-124). The AK Party foreign policy platform was based on the following principles: balance between freedom and security; zero problems with neighbors; a new diplomatic discourse based on firm flexibility; multidimensional and multi-track policies; and rhythmic diplomacy (Davutoglu 2008, Sozen 2010). According to Ahmet Davutoglu, who then served as the Turkish Minister of Foreign Affairs, there were three methodological principles that helped shape the foreign policy of the AK Party: a

visionary approach, a consistent systemic framework, and the use of “soft” power as a new instrument for foreign policy-making (Davutoglu 2009, Altinay 2008, Oguzlu 2014).

Three key individuals within the AK Party leadership were the authors of the AK Party foreign policy platform. First, the president of the AK Party and the Prime Minister, Recep Tayyip Erdogan; the President, Abdullah Gul; and the Minister of Foreign Affairs, Ahmet Davutoglu, have all played significant roles in establishing the theoretical underpinnings and implementation of the AK Party’s foreign policy. However, having held several positions as an academic, chief advisor on foreign affairs to the Prime Minister, the Minister of Foreign Affairs, and the Prime Minister of Turkey, Ahmet Davutoglu was the greatest contributor to the changed tone and substance of Turkish foreign policy. In his book titled *Strategic Depth*, he outlined the need for Turkey to follow a more multidimensional foreign policy, emphasize political and economic cooperation, and rely more heavily on deepening diplomatic relations with its neighbors (Davutoglu 1993, Davutoglu 2001, Davutoglu 2008, Davutoglu 2010a, Davutoglu 2012, Kirisci 2011, Aras 2009b, Grigoriadis 2010a, Uslu 2009, Economist 2007). Steven Larrabee notes, “The concept of strategic depth emphasizes the importance of Turkey’s Ottoman past and its historical and cultural ties” (Larrabee 2010, 159) with the surrounding regions. However, Larrabee’s remarks should not be confused with the concept of neo-Ottomanism (Yavuz 1998), which some experts have criticized the AK Party for reintroducing. According to Phillip Robins, “The origins of this doctrine can be traced to Ozal’s neo-Ottomanism, ‘the multi-dimensional’ foreign policy of the Erbakan government, and Davutoglu’s innovative approach to geopolitics” (Robins 1999). Alexander Murinson argues, “The main thesis of this doctrine is that

strategic depth is predicated on geographical depth and historical depth. Consequently, Turkey, as a result of its historical legacy of the Ottoman Empire, possesses great geographical depth” (Murinson 2006, 947) Therefore, by basing Turkey’s foreign policy platform on “strategic depth,” an activist approach to Turkey’s neighborhood was perceived as critical. Aras argues, “Davutoglu’s doctrine is based on self-confidence, good neighborliness and stability at home. Methodologically, the doctrine is novel and visionary, as well as integrated and inclusive” (Aras 2010, 13).

Early in the research timeline of this thesis, the AK Party pursued a balance between freedom and security. According to Ahmet Davutoglu, “Legitimacy of any political regime comes from its ability to provide security to its citizens; this security should not be at the expense of freedoms and human rights in the country” (Davutoglu 2008, 79). The notion that attention to both freedom and security should be balanced, and is necessary for a political regime to be legitimate, was partly related to Turkey’s desire to fulfill the Copenhagen criteria required for the attainment of membership in the European Union (Marktler 2006). Historically, Turkey was ruled by authoritarian leaders who restrained minority rights, democratic participation in the political process, and the advancement of the rule of law. The AK Party, carrying on the democratic trajectory that was established during the previous coalition government, led by Bulent Ecevit, passed legislative reforms that focused on easing restrictions on freedom of expression, inclusion of minority communities, and judiciary oversight. According to Ibrahim Kalin, a Senior Advisor to the Prime Minister for foreign policy and public diplomacy, “It is now widely accepted that security without freedom leads to authoritarianism, and freedom without security invites chaos and instability” (Kalin 2011, 54). An easing of antagonistic civil-military relations between 2006 and 2011

(Cizre-Sakallioglu 1997), coupled with the AK Party's determination to desecuritize Turkey's relations in its neighborhood, resulted in "a process in which security issues (were) gradually removed from the security agenda, and placed on the political agenda" (Guneylioglu 2011, 151). However, Kalin later acknowledged that with regard to Turkey's own democratization process, "It is also true that the fragile balance between security and democracy still needs improvement" (Kalin 2011, 54). The deepening and widening of diplomatic, cultural, and economic engagement with Turkey's neighbors contributed to a shift in Ankara's prioritization of policies, and was seen as crucial for reducing regional security uncertainties and building a multilateral security regime (Aras and Karakaya Polat 2008, Bank and Karadag 2012).

The concept of "zero problems" with neighbors is based on the need for a multidimensional foreign policy in a multi-polar world (Davutoglu 2004, Davutoglu 2008, Fotiou and Triantaphyllou 2010, Kardas 2010). During the Cold War, Turkey was unquestionably part of the Western Bloc, and often experienced tense relations with its neighbors, such as the Soviet Union, Syria, and Iran, and fellow NATO member Greece. A decade after the end of the Cold War, the AK Party, under the leadership of the Minister of Foreign Affairs, Ahmet Davutoglu, sought to extend a hand to Turkey's neighbors to resolve intractable problems. Turkey normalized its relations with Greece, Iran, Syria, and Russia. In some situations, the AKP administration sought to play a mediator and/or facilitator role in conflict resolution efforts – namely, between Syria and Israel, between the Sunni and Shia communities in Iraq, and between the international community and Iran over its nuclear proliferation program. Although this main pillar of the AK Party's foreign policy platform was commendable, in reality, the "zero problems" approach to foreign policy proved difficult to implement due to lack

of qualified human capital and capacity within the government. Furthermore, with the unfolding of the Arab Spring, it became apparent that some of Turkey's neighbors, such as Egypt, Libya, and Syria, perceived the AK Party's assertive foreign policy efforts negatively. William Hale, a well-known academic, notes that the "goal was clearly very hard to achieve if the neighbors were in conflict with one another" (Hale 2009, 156).

Turkish rapprochement with Russia accelerated in 2003 as a result of Washington's invasion and disastrous occupation of Iraq that brought regional destabilization. During the eight years of the American occupation in Iraq, Turkey imported 70 percent of its natural gas from Russia, Russian tourism to Turkey became second only after Germany, Turkish construction companies flocked to Russia, and the two countries became big trading partners (Hill and Taspinar 2006, 84). Moscow viewed Washington's aggressive military expansion into the Middle East as a threat to regaining some of the influence the former Soviet Union had built up since World War II. Russia thus encouraged Turkish dependency on Russian gas as part of a larger strategy to undercut Washington's support of a gas pipeline corridor from Azerbaijan through Turkey to Central Europe that would undercut European dependency on Russian gas (Roberts 2003). The Soviet Union had been the principle supplier of military hardware to both Iraq and Syria, Turkey's near neighbors. Syria was home to the last remaining overseas post-Soviet era naval base and was a center of influence in the Arab Middle East, a center of influence that Moscow did not want to lose. Relations between the two nations precipitously declined in 2011 after it became clear that Ankara was a principle backer of anti-regime forces in Syria. However, robust economic relations continued.

Over a few decades, Turkey and Syria transitioned from enemies to best friends and brothers and back to enemies. In 1998, Syria expelled PKK leaders and fighters from the country, to the gratitude of Turkey. Relations between the two nations improved, especially in the business sector. During the American occupation of Iraq, Damascus seized the opportunity to escape Washington's imposed international isolation for a closer relationship with Turkey. Relations improved to the extent that the two nations established a free-trade agreement (Aras 2012). Turkey's lucrative trade with Iraq had been disrupted due to war and terrorism in that country, so the Turkish business community embraced business opportunities to the south. Trade boomed not only with Syria but beyond, with Jordan and the lucrative Saudi Arabian market. Syria and Turkey both supported each other's internal repression of Kurds associated with the PKK, as well as the 2007 Turkish incursion into northern Iraq to destroy Kurdish PKK fighters' bases (Phillips 2011). The apex of Turkish-Syrian relations was marked by a level of cooperation and closeness unrivalled in the history of the relationship between Ankara and Damascus. It included a lifting of visa requirements, high-level strategic cooperation that included joint military exercises, increased trade and commercial relations, and even joint cabinet meetings (Demirtas 2013, 17). After non-violent Syrian civil society resistance to the heavy-handed Damascus regime morphed into armed resistance, supported by Turkey, Qatar, and Saudi Arabia, Ankara and Damascus became rivals, with Turkey supporting opposition groups against the Assad regime (Sayigh 2014). The rise of Daesh in Iraq and Syria in 2014, the continuing Syrian Civil War, and broken relations with Turkey closed the Syrian market. The war with Daesh also prevented overland truck transit through Syria and Iraq to Jordan, Kuwait, and Saudi Arabia.

With regard to Iran, Turkey supported economic and educational cooperation and deeper diplomatic relations over the implementation of new and tougher Western sanctions on Iran. Turkey was a significant buyer of Iranian oil. In 2010, Turkey, along with Brazil, refused to vote in favor of United Nations Resolution 1929, which would enact wide-reaching economic sanctions on Iran. Many Western-oriented Turkey-watchers criticized the AK Party for interfering in negotiations by playing the role of mediator between the P5+1 community and Iran. The AK Party administration argued that its interactions with Iran were part of a normalization of relations with its neighbors. In March, 2012, Turkey said it would cut imports from Iran by 10 percent – 20 percent to demonstrate compliance with the sanctions. Turkey was granted exemptions in recognition of the Turkish dilemma and agreement to reduce imports by the U.S. government (Katzman2014). Turkey had moved away from the unquestionable Cold War mentality of supporting the West, regardless of the impact such a policy might have on its own geostrategic standing in the region.

Turkey's so-called "football diplomacy" with Armenia briefly appeared to lay the groundwork for normalizing relations with its eastern neighbor. In September 2008, the President of Armenia, Serge Sargsyan, invited Turkish President Abdullah Gul to watch the two countries play a World Cup qualifying match in Yerevan, Armenia (Halperin 2009). However, by the spring of 2009, Turkish nationalists and Azerbaijan had sabotaged Turkey's rapprochement with Armenia. Despite two protocols signed between Armenia and Turkey to develop economic and diplomatic relations, and an agreement to open the Armenia-Turkey border, Turkey's dependence on Azeri energy resources and domestic nationalist fears outweighed any rapprochement between Armenia and Turkey (Goksel 2014). In the end, the conflict remained frozen, with the

Turkish Prime Minister promising, “The border between Turkey and Armenia would not be opened until the end of the occupation of Azeri territories” (Ozcan and Usul 2010, 132, Baykal 2010) by Armenia.

The AK Party pursued a new diplomatic discourse based on firm flexibility. According to Aras, previous “Turkish policy makers were designing foreign policy based on their interpretation of the international system and projecting their domestic concerns onto the foreign policy-making process” (Aras 2009a, 30). However, the AK Party administration sought to “develop relations with neighboring regions and beyond” (Davutoglu, 2008, 81), with which the administration perceived Turkey to “share a common history, culture and often religion” (Kiniklioglu 2011, 64). The new diplomatic discourse sought to rebrand “neighbors as brothers, relatives, people with whom” (Kiniklioglu 2011, 64) Turkey shared similar values. Kiniklioglu further stated that the AK Party policy “seeks to reintegrate Turkey into its immediate neighborhood” (Kiniklioglu 2011, 65). One example of the shift in tone and rhetoric was the AK Party policy towards Cyprus. According to Sozen, “Cyprus policy was based on a ‘win-win’ strategy” (Sozen 2010, 117).

The AK Party argued that establishing a multidimensional and multi-track foreign policy platform was crucial in order to adapt to changing global and regional politics. According to Onis and Yilmaz, “Foreign policy is no longer perceived as a series of bilateral relations or foreign policy moves but as a series of mutually reinforcing and interlocking processes” (Onis and Yilmaz 2009, 9). As Davutoglu expressed, by adhering to a multidimensional foreign policy, “Turkey’s relations with other global actors aim to be complementary, not in competition” (Davutoglu, 2008, 82). The AKP

government emphasized the expansion of business, civil society, humanitarian, cultural, and educational links as an effective means to increase Turkey's "soft" power and influence abroad. Subsequently, Turkey's channels of engagement in the surrounding regions widened as trade, supported by visa-free regimes with many neighboring countries including Iran, Jordan, Lebanon, Syria, and Russia, expanded. According to Kirisci, "The share of Turkey's neighborhood in Turkey's overall foreign trade grew 21-fold from 3.7 billion in 1991, to almost US\$80 billion in 2008 that is from 10.8 to 23.6 percent of its overall trade" (Kirisci 2012, 321). The continued growth in Turkey's trade with its neighbors highlighted the importance of liberal trade policies, and displayed the value of Turkish exports to the political economy of the region.

Another noteworthy development during the AK Party's administration was the emergence of Turkey as a donor of humanitarian aid and development assistance, both for in-kind relief and monetary contributions (Altunisik 2014). Turkey stressed the importance of addressing human security threats by increasing foreign aid to the developing world (Ozerdem and Ozerdem 2013). The expansion of the Turkish Cooperation and Coordination Agency (TIKA) and the Disaster and Emergency Management Authority (AFAD) placed Turkey in the top ranks of the international humanitarian donor community. Underscoring their importance to national security policy, TIKA and AFAD report directly to the office of the Prime Minister. In 2008, Turkey earmarked \$700 million for humanitarian purposes. That figure grew to \$3.4 billion in 2012 (Today's Zaman 2013).

By 2015, Turkey hosted the highest number of Syrian refugees. As of August 2015, the United Nations estimated that the Syrian refugee population living in Turkey was more

than 1.8 million (United Nations High Commissioner for Refugees 2015). Until 2013, most Syrians lived in camps built and paid for by AFAD. In 2014, Turkey constructed two camps in the KRI for refugees from Syria and internally displaced persons (IDPs) from other governorates in Iraq. However, with the conflict in Syria in its fifth year, a bleak picture of when refugees could return to Syria, and a lack of capacity to meet the long-term needs of refugees, many decided to find lodging and employment outside of Turkey, putting further pressure on other states in the region (Icduygu 2015, Berti 2015a, Berti 2015b, United Nations UNICEF 2015, Dahi 2014, Cagaptay and Menekse 2013, UNHCR 2014). Refugee flows from Turkey to Greece to mainland Europe increased significantly towards the latter half of this research project (European Stability Initiative 2015a, European Stability Initiative 2015b, European Stability Initiative 2015c).

During the AK Party administration, Turkey's engagement in Africa highlighted a combination of soft and hard power approaches. In 2012, the AK Party sent the first Turkish Naval Task Force to Africa. The four ships of the task force visited 24 African nations and distributed humanitarian assistance items provided by TIKA during its sail around the continent (Tastekin 2014, Gurcan 2014). The active Turkish humanitarian diplomacy and aid efforts in Somalia were also a good example of Turkish unilateral efforts to show interest in a failed African state ignored by most global powers and international NGOs (Akpinar 2013). Turkey often sent funds earmarked for development projects to areas to where the Turkish private sector was also striving to make inroads into the local economy.

“Rhythmic diplomacy” referred to the AK Party’s attempt to perform a leadership role in key multilateral institutions. According to the former Minister of Foreign Affairs, the AK Party’s approach to rhythmic diplomacy included the “active involvement in all global and international issues, in all international organizations” (Davutoglu and Yilmaz 2009, 12). Furthermore, Davutoglu indicated, “Turkey’s aim is to intervene consistently in global issues using international platforms, which signifies a transformation for Turkey from a central country to a global power” (Davutoglu 2008, 83). During the early years of the AK Party administration, Turkey was chosen to hold a non-permanent seat on the United Nations Security Council, and participated in the African Union, the Arab League, the Association of Caribbean States, and the Organization of the American States as an observer state. The AK Party also organized and held international conferences to promote its foreign policy platform and gain legitimacy among the international community. Towards the second half of this research timeline, Turkey began to lose its neutrality and became more of a divisive actor on the global stage. In 2014, Turkey lost an opportunity to reinforce its influence in the international arena by failing to win another non-permanent member seat on the United Nations Security Council.

Criticisms of the AK party’s foreign policy platform

The three main critical themes of the AK Party’s ambitious foreign policy platform centered on the notion that Turkey was turning away from the West (Oguzlu 2008), that Turkey was undergoing an axis shift (Cornell 2011, Ozeren 2010), and that the AK Party was pursuing a policy of neo-Ottomanism in the region (Cagaptay 2009a, Cagaptay 2009b, Baykal 2010, 8, Taspinar 2008, Taspinar 2011). For Western-oriented Turkey-watchers, part of Turkey’s allure as a “model” democracy, with a predominately

Muslim population, was its position in the Western alliance. This argument was thought to have been solidified with Turkey's membership in NATO, and as a candidate for membership in the European Union. Once it appeared that Turkey, under the leadership of the AK Party, was no longer committed to democratic reforms that were directly linked to the European Union *acquis communautaire*, the AK Party started to lose legitimacy in the eyes of many Turkish liberals (Yavuz 2006, Dagi 2006), European Union member states, Western-oriented Turkey-watchers, and neighboring countries that hoped to one day live next to a European Union member state (Onis 2007, Onis 2008a, Onis 2008b, Onis 2009, Dogan 2005, Oguzlu and Kibaroglu 2009). Non-ideologically based criticisms focused on the apparent lack of capacity and expertise needed to ensure a successful implementation of such a complicated foreign policy platform.

The Turkish government offered strong rebuttals to the argument that Ankara, by forging new relations with countries not aligned with the West, was abandoning its traditional allies. Speaking at the Istanbul Forum in October 2009, Prime Minister Erdogan stated, "There is no axis shift of Turkey. We are standing where we have been standing at the beginning of our political power" (Candar 2009, 4). President Gul noted, "What Turkey is doing is clear. Turkey, surely, is moving simultaneously in every direction, towards East and West, North and South" (Candar 2009, 5). For Gul, "the important point is to which direction its values are moving" (Candar 2009, 5). He defined that "direction" as "democratic values, supremacy of law, respect of human rights, transparency, gender equality, and a functioning free market economy" (Candar 2009, 5). Minister of Foreign Affairs Ahmet Davutoglu stated, "I can see what we are having today is a restoration. This concept is important: Restoration, not paradigm shift.

Not revolution, but a restoration of Turkish society, economics, politics, and foreign policy” (Davutoglu 2010b, 4). The *Economist* highlighted Davutoglu’s rejection of criticism of the AK Party foreign policy platform: “Turkey can be European in Europe and eastern in the East, because we are both” (Economist 2007).

Turkey’s relations with the Middle East

According to Nur Bilge Criss and Pinar Bilgin, Turkish foreign policy towards the Middle East was regarded as an extension of its pro-Western foreign policy (Criss and Bilgin 1997). With the election of the AK Party in 2002, the “consolidation of state strength during AK Party rule allowed a more effective implementation of foreign-policy objectives and the application of a liberal approach to a new region, the Middle East” (Kardas 2010, 120). With the increasing domestic support for the AK Party, Turkey aimed to reengage the Middle East, in particular, Iraq and the area governed by the KRG (Kilic 2010, Altunisik and Martin 2011); Turkey broadened relations with non-traditional allies as security concerns changed; the requirement for strategic resources, such as oil and gas, became higher priorities; and a new phase of diplomatic and economic initiatives emerged (Onis 2012). However, the complexity of regional relationships and disagreements over the unfolding of power shifts during the Arab Spring, which emerged in the Middle East and North Africa in 2011, were still evolving and were set within the context of wider regional and global concerns (Altunisik 2004, Altunisik 2008, Altunisik 2009, Tur 2011, Pope 2010, Mufti 2002, Bagci and Sinkaya 2007, Kirisci 2011, Stein 2014).

Ankara-Baghdad-Erbil relations

The discourse surrounding Turkey's policy toward Iraq and the area governed by the KRG were defined through a traditional "security lens" or realist approach (Barkey and Laipson 2005, Barkey 2001, Barkey 2005, Altunisik 2006, Altunisik 2007, Park 2002, Park 2003, Park 2004a, Park 2004b, Park 2008, Park 2012b, Fuller 2008, Brown 2007, Canci and Sen 2010, Aykan 1996, Keskin 2008, Uslu et al. 2005). Beginning in the early 1990s, Turkey's foreign policy towards Iraq was shaped by four dominant strategic cultures: a pro status quo stance, a tradition of *realpolitik*, non-involvement, and the experience of great power rivalry and foreign occupation, as a result of the Sevres Treaty (Altunisik 2006, Altunisik 2007, Robins 2003, Olson 2005, Somer 2005, Erkmén 2003, Gorvett 2006, Erickson 2004, Gordon and Taspinar 2006). More recently, under the leadership of the AK Party, Turkey pursued a fifth multidimensional approach to relations with Iraq and the KRG, based on engagement through economic cooperation and deepening of diplomatic relations (Barkey 2011, Phillips 2009a, Cetinsaya 2006b). Although Ankara still had security concerns over the continued presence of the PKK within the KRI, Turkish diplomatic and private sector circles collaborated to establish opportunities for economic cooperation, and strengthened relations with both poles of power in Iraq: Baghdad and Erbil.

The first official attempt at pursuing a policy of engagement and cooperation with Iraq was led by the then Minister of Foreign Affairs, Abdullah Gül. Concerned with the possible outbreak of armed conflict in Iraq, Ankara, in cooperation with key countries in the region, launched the "Iraq's Neighboring Countries Process," an initiative that brought together Iraq and its neighbors for ministerial consultations in January 2003, prior to the U.S.-led invasion (Today's Zaman 2008). The initiative eventually evolved

into the “Expanded Neighboring Countries of Iraq Foreign Ministers Meeting,” which included Iraq’s neighbors, permanent members of the United Nations Security Council, G-8 countries, the United Nations, the Organization of the Islamic Conference, the Arab League, and the European Union. The Initiative created an environment where representatives of Iraq, Iraq’s neighbors, and countries who would play a key role in the country, could discuss important issues regarding security and stability in Iraq. These activities continued until 2008 when Ankara and Baghdad established a bi-lateral “High Level Strategic Cooperation Council” in which the Turkish Prime Minister Recep Tayyip Erdogan and Iraqi Prime Minister Nouri al-Maliki agreed to a Strategic Partnership (Ozcan 2010). The high level meeting between the two Prime Ministers, which was facilitated by Jalal Talabani, Iraqi President and co-leader of the KRG, resulted in a list of political, economic, energy, water, cultural, security and military principles or agreements to guide relations between the two countries (Turkey Ministry of Foreign Affairs 2008). The Joint Political Declaration guided the ministers of both governments during their periodic coordination meetings and implementation of action plans in the political, diplomatic and cultural and the security and military cooperation spheres. Turkey’s participation in the initiative facilitated further attention on the more important AK Party foreign policy goals, to ensure the success and stability of economic and energy cooperation with Iraq and the KRG. To the surprise of the U.S. administration, Ankara denied the U.S. military to undertake a major offensive from Turkish soil into northern Iraq in March 2003 (Martin 2012, 232-233).^{iv} Concerned with the potential instability the invasion of Iraq would generate, Erdogan indicated Turkey would establish a 20-kilometer buffer zone, “aimed at controlling a possible wave of refugees into Turkey, to prevent certain

provocations against our security, and to protect our borders” (Open Society Institute 2003).

Why Ankara needed a strategic partnership with Baghdad

With one of the fastest growing economies in the world yet energy poor, Turkey, was forced to search for alternative and uninterrupted sources of energy, and to operate at multiple levels with countries supplying energy sources to arrange constant supplies of oil and gas (International Energy Agency 2009). Without constant and affordable energy supplies, the economic miracle in Turkey risked implosion, political turmoil, and the possible fall of the AKP Government. Ever since 2002, when American President Bush declared Iran to be part of an “Axis of Evil,” along with Iraq and North Korea, the stability of oil and gas imports from Iran and Iraq became problematic (Bush 2002). The American invasion of Iraq, and subsequent Iraqi resistance and civil war, resulted in severe degradation and sabotage of the Iraqi oil infrastructure and reduction of oil exports (Taydas and Ozdamar 2013). In 2009, Iraq was the source of 9 percent of Turkish oil imports, but they steadily rose to 15 percent and 17 percent, in 2010 and 2011, respectively. Turkey’s dependency on Iran for crude oil imports increased to 51 percent in 2011 (U.S. Energy Information Agency 2014, Bahgat 2014). However, by 2012, crude oil imports to Turkey from Iran decreased significantly to 39 percent of the total imports, followed by Iraq with 19 percent, Saudi Arabia at 15 percent, and Russia with 11 percent (International Energy Agency 2013, 6). Pressure from the United States on Turkey to observe the American led embargo on importation of Iranian oil was irresistible and difficult for Turkey to avoid or circumvent. Furthermore, Turkey was determined to diversify its sources of foreign oil and natural gas, in order to insure that

no disruptions of oil and gas from any country could result in a crippling blow to the Turkish economy.

As part of its national security policy to ensure stability in Turkey and the region, Turkey needed to negotiate with both the Baghdad government and the leaders of the KRG. Diplomatic, political, and military circles in Turkey were concerned about the impact of Iraq's disastrous civil war, the rise of al-Qaeda associated terrorists, and an uncertain future due to the anticipated drawdown of American occupation troops.^v A sound security framework involving Turkey and Iraq was essential for the other principles, particularly economic and energy, to be successful (Turkey Ministry of Foreign Affairs 2008). In order for expansion of oil and gas production and to ensure onward movement of the products, via pipelines and trucks, to Turkey and other markets in Europe a stable security situation in Iraq was necessary. Essential, from Turkey's viewpoint, was a cooperation agreement to counter terrorists and organized criminal groups. The Turks focused on the PKK, whose demands for independence, and later, autonomy, threatened the political cohesion of the Turkish state. The conflict in Southeastern Turkey continued to disrupt the economic stability of Turkey, and threatened the expansion of energy imports and export trade with Iraq. Inside Turkey, pipelines carrying Azeri and Iranian natural gas, as well as Iranian and Iraqi crude oil imports, were subject to periodic sabotage by the PKK. In addition to the attacks on Turkish crude oil pipelines, the PKK, operating from their safe areas in the northern portion of Iraqi Kurdistan, attacked military outposts along the border and, occasionally, tourist areas in Turkey (Ant 2008, Kapsis 2005). Therefore, from a military standpoint, Ankara was concerned about the PKK operating from the mountains in the KRI and possibly from Syria (Olson 2007, Bengio 1995). The expansion of the Turkish trade and

energy corridor from Iraq to Europe was contingent on the safe movement of Turkish goods and Iraqi energy via roads and pipelines to destinations in Iraq and Turkey (Celikpala 2009). In 2011, the KRG's influence in Baghdad took an abrupt change when the Vice President, Tariq al-Hashimi, was given sanctuary in the KRI, and later in Ankara, to avoid arrest on murder charges. In 2013, Erbil-Baghdad relations further soured over the withholding of the KRG's fair share of the Iraqi budget.

Why Ankara became big brother to the KRG

Turkey desired to develop and capitalize on common interests with Iraq, not only to repress, jointly, the PKK, but also to ensure that al-Qaeda-connected violence and subversion in Iraq did not spill over into Turkey, or jeopardize mutually beneficial trade. The main oil pipelines from southern and northern Iraq to Turkey all passed through Baiji, an area of insurgent sabotage activity in north central Iraq (Healy 2011). Ankara perceived that stronger security cooperation with Baghdad would weaken the PKK, in addition to reducing possible al-Qaeda spillover security challenges. However, Baghdad had limited ability to help Turkey, since the PKK base camps were located in “ungoverned space” in the far tip of northeastern Iraq, contiguous to southeastern border of Turkey (Phillips 2009). The area, although nominally part of the area governed by the KRG, was not under their effective administration. The major base camps of the PKK were located in the rugged Qandil Mountains of Iraq, bordered by both Turkey and Iran, effectively in ungoverned space. The 3,000-meter-high peaks, deep valleys, and few roads made the area almost unreachable. The KRG could not control the PKK mountain base camps or the PKK border launch sites into Turkey (Krajes 2012). The KRG was also reluctant to close down the military aspects of the PKK-influenced Makhmour refugee camp located west of Kirkuk (Cuma 2011, Busch 2005). Even if

Baghdad wanted to attack the PKK safe areas and prevent PKK raiding parties from infiltrating into Turkey, it did not have the military means nor the access to the Turkey-Iraq border to make a significant difference in mitigating the Turkish internal security challenge (Keskin 2008). To address these challenges, a successful Ankara and Baghdad joint security effort needed the active support of the KRG, as well as intelligence and airlift support from the American occupation forces; otherwise, the well-insulated PKK could not be defeated. A series of attacks by the PKK in 2007 from the KRI resulted in subsequent Turkish air strikes on suspected PKK base camps. In 2008, the Turkish Army moved ground forces into the Zab region of the Kurdistan Region of Iraq. The Turkish cross-border operations reinforced a security approach to combating the PKK without addressing the negative impact on local communities in the region.

By 2007, two observable trends started to emerge: First, Baghdad was unable to help Turkey defeat the PKK in their northern Iraq safe areas, and the American occupation forces refused to do it for them. Secondly, the Turkish Prime Minister and security establishment admitted that military action, alone, would not solve their “Kurdish problem” (Minhac 2012, 65-67). A new security approach was needed. The AKP Government believed that without addressing the marginalization of the Kurds with Turkish citizenship, and the active cooperation of the KRG leadership to pressure the PKK to renounce their armed struggle, the insurgency could continue, indefinitely. The AK Party, with the tacit support of the military, decided to engage in political dialogue and support economic development in southeastern Turkey in order to persuade the Turkish Kurds to abandon their resistance, in return for cultural rights and a more just relationship with the Turkish state. Concurrent with the opening to the Turkish Kurds,

the Turkish government made the decision to develop a cooperative relationship with the KRG. Expansion of trade between Turkey and the KRG was expected to benefit the relatively poor economy of Southeastern Turkey and, therefore, benefit the Kurds living closest to Iraq. Robert Olson noted, “An increase in economic activities in the southeast could lessen the support of the Kurds in the region for militant Kurdish nationalist groups” (Olson 2006, 18). Iraqi President Talabani’s visit to Ankara on March 7, 2008, and Prime Minister Erdogan’s visit to Baghdad on July 10, 2008, marked significant steps towards normalizing relations between Ankara, Baghdad, and Erbil (Robertson and Williams 2009). During the trip, Erdogan and Iraqi Prime Minister, Nouri al-Maliki, signed a “Joint Political Declaration on the Establishment of a High Strategic Council between the Government of Turkey and the Government of Iraq” (Phillips 2009a, 11). The declaration “pledged security cooperation to eradicate the PKK, which al-Maliki compared to al-Qaeda, and restricted PKK operations, recruitment, revenues, and media access” (International Crisis Group 2008, 5).

Diplomatic and trade relations between Ankara and Erbil greatly deepened since the first Turkish government delegation traveled to the area governed by the KRG in order to advance contacts, in 2008. Turkish Foreign Minister Ahmet Davutoglu’s visit to Erbil in October 2009 was a significant moment in Ankara-Erbil relations, as his trip marked the first time a Turkish foreign minister visited the KRI. President Barzani, in a press conference following his meeting with Foreign Minister Davutoglu, stated, “This visit of the Foreign Minister to Erbil is an important step, indeed an historic step. We know that Turkey has an important role in our development, and this relationship requires special attention. I am, therefore, delighted to announce that Turkey will open a Consulate General in Erbil” (KRG 2009). Although skeptical, many Iraqi Kurds

perceived Foreign Minister Davutoglu's visit as recognition of the importance Erbil was starting to play inside Iraq and in the region. However, public opinion in Turkey was mixed over Ankara moving closer to Erbil. Nevertheless, Ankara opened a Consulate General in Erbil in 2010, a positive signal that Ankara was willing to move beyond the tensions of the past. In 2011, Prime Minister Recep Tayyip Erdogan – the first Turkish premier to visit the Iraqi Kurdish-held region – attended the inauguration of Erbil International Airport, which was constructed by Makyol Cengiz, a Turkish joint venture (Yilmaz 2007). During Prime Minister Erdogan's visit to Erbil, President Barzani stated, "We consider this to be a very historic moment. We believe that this visit will build a very solid bridge in bilateral relations between Iraq and Turkey and between the Kurdistan region and Turkey especially" (Iraq-Business News 2011). The subsequent visits by the KRG President, Masoud Barzani, and KRG Prime Minister, Nechirvan Barzani, to Turkey in May 2012, further contributed to the deepening of bilateral and economic relations between Ankara and Erbil. According to Soner Cagaptay and Tyler Evans, "Turkey is in many ways a better option than Baghdad as a gateway to the global economy" (Cagaptay and Evans 2012, 9). Furthermore, "this commercial relationship underlines the fact that Kurdistan's economic stability and consequent political success are highly contingent on Turkish goodwill. Given this fact, and the KRG's perceived threat from Baghdad, it is safe to say that the Iraqi Kurds have more incentive to get along with Turkey than ever" (Cagaptay and Evans 2012, 9).

Turkey-KRG relations 2011 – 2014: The good to bad years

Everything seemed to be on track for a growing and mutually productive relationship between the KRG and Turkey. Business was booming. Export volumes from Turkey to Iraq and the KRG were the highest ever. Turkish companies were rushing into the KRG

to take advantage of lucrative construction contracts and high consumer demand for Turkish made or grown products. Turkish business dominated the KRG construction and consumer products sectors. The KRG seemed immune to the negative fallout from Iraqi Prime Minister al-Maliki's decision to centralize all means of coercive state power under him, and to completely marginalize Iraqi Sunnis, starting as soon as the last American troops withdrew from Iraq in December, 2011. Over a period of nine years, al-Maliki had progressively purged Sunni ministers and officers from positions of power and authority in the Ministry of Defense, the Army, the Police and secret police, replacing them with loyal political hacks, characterized by their incompetence, corruption and vindictiveness towards Sunnis (Khedery 2014a).

Political stability in Iraq continued to crumble between 2012 and 2014, but in the dynamic KRI, it seemed stable, prosperous, and without ethnic tensions. As long as the KRG received their 17 percent share of the Iraqi National budget, the movers and shakers in the KRI were content to push on with infrastructure development, capacity building and expansion of private sector initiatives to attract more foreign direct investments, and to build a direct link to Turkey's oil exporting capability. Their relationship with the Baghdad government, although testy, seemed secure with the calming presence of Talabani as the influential President of Iraq. However, when Vice President Tariq al-Hashimi, an important leader of Iraqi Sunnis, had his personal bodyguards attacked and imprisoned by al-Maliki in December, 2011, he fled to Erbil to avoid arrest and persecution. The disintegration of the political fabric of the Iraqi nation began to unravel. Al-Hashimi later left Erbil for Ankara, and was granted political asylum in Turkey. KRG co-leader and Iraqi President Jalal Talabani was unable to smooth over tensions between the al-Maliki government and the Iraqi Sunnis

because he became seriously ill in 2012. For a two-year period, he remained in a German hospital for an extended recovery. His absence from the political scene was a severe blow, since it was thought he could have moderated the extremism of al-Maliki. Talabani return to Iraq in July, 2014, but was replaced as President by Fuad Masum, a fellow Kurd. Even if Talabani had returned to office in 2014, it would have been too late to have undone all of the damage al-Maliki had wrought to destroy Sunni trust and confidence in his regime.

Meanwhile, back in paradise

The KRG was successfully branding itself as an oasis of peace inside a turbulent Middle East. In advertising and special business publication supplements, the KRI was self-described as “the other Iraq,” a modern, safe, and secure secular political entity for foreign direct investments (Saaïd, 2010). Business and trade with Turkey was booming (Cagaptay, Bache Fidan, Sacikara 2015). Turkish companies were building most of the infrastructure projects in the KRI to include: transportation, electrical power generation, as well as luxury housing and prestige projects such as the new airport in Erbil and Dohuk in the KRI. The Erbil International Airport project was considered one of the best in the Middle East, and more modern than the Baghdad International Airport in the nation’s capital. However, while things were booming in the KRI, the situation in northern Iraq was about to explode.

The coming storm in Iraq

The Syrian Civil War from 2011 onward, after the failure of non-violent resistance, pitted the State, controlled by the extended Assad family and their Arab Socialist Ba’ath Party apparatus, a coalition of Alawites, Christians, Druze, and Kurds against much of

the greater Sunni community. Within the violence and chaos of the armed struggle, various Jihadi radical guerrilla groups, backed by Saudi Arabia, Turkey and the UAE, started to dominate. Still functioning remnants of al-Qaeda in Iraq and former military and intelligence officers of the Ba'ath Party in Iraq joined forces, seized the opportunity and moved most of their operations into Syria. The name for this transnational group was Daesh. Winning battles and absorbing other groups they formed the dominant anti-Assad fighting force in Syria. In 2014, they refocused their main interest upon Iraq (Khedery 2014b). The regime of Nouri al-Maliki had so oppressed and disillusioned the Iraqi Sunnis that by June 2014, a few hundred Daesh fighters took over Mosul, the second largest city in Iraq, in what seemed more like a cakewalk than a battle. Threatened with the motivated Daesh fighters, the corrupt and incompetent Iraqi Army generals and colonels in Mosul deserted their posts and fled the city. This triggered a general panic and the complete collapse of the Iraqi Army in northern Iraq. Daesh thus ruled Mosul, the most important city in northern Iraq. It also robbed banks and inherited billions of dollars' worth of U.S. provided military equipment, such as tanks, artillery and transport vehicles that would give them the means to transition to mobile warfare against the confused forces of the KRG, the crumbling Iraqi Army and the anti-Daesh Sunnis (Kirkpatrick 2014). The dreams of a viable, secure and prosperous Kurdish Region in Iraq were in danger of going up in flames. Daesh forces quickly positioned themselves to seize Erbil, however, with the arrival of the U.S. airplanes were pushed back (Phillips 2014, 353, Malek 2014, Gunter 2015, 105). The priority of the KRG became the survival of the regime and the Kurdish people. The enhancement of human security fell to the bottom of the list of priorities of the Kurdish state until the existential threat to the KRI was mediated or defeated. During this period of extraordinary crisis, Turkey failed to provide quick military assistance to the KRG with its desperate fight

with Daesh. The Turkish private sector's engagement in the region appeared to not have really translated into stronger ties between Ankara and Erbil.

In the fall of 2014, a symbolic fight that unraveled within the watch of the international media based in Turkey broke out in the Syrian town of Kobane (Romano 2015, Barkey 2014, Gurses and Romano, 2011). A predominantly Kurdish city, the Syrian Kurdish People's Protection Units (YPG) opposition group was unable to keep Daesh at bay. On October 29, 2014, with the consent of Ankara Kurdish Peshmerga fighters crossed through Turkish territory into Syria to fight Daesh (International Institute for Strategic Studies 2014). With the help of coalition airstrikes, and in cooperation with the Peshmerga, the YPG pushed Daesh out of Kobane. Soon after, the Turkish military sent advisers to the KRI to train the Peshmerga soldiers and established two military training camps for the KRG in the Soran and Qalacholan districts, both which are located in the KRI (Dizayee 2015).

Development of the Turkish economy during the AK party government

Turkey, under the leadership of the AK Party government, continued to implement economic policies that had been established during the former Ecevit-led coalition government (Bugra 2003). During single party rule, Turkey experienced significant GDP growth, relatively low inflation rates, fiscal austerity, and unforeseen levels of privatization and foreign direct investment (Onis and Senses 2009, Onis 2011). The restructuring of the financial sector, particularly the banking sector, among other prescribed policy recommendations, "maintained the confidence of international financial institutions, big business holdings and foreign investors" (Bank and Karadag 2012, 10, Demir 2009). The rate of privatization under the AK Party was unsurpassed

when compared to previous administrations. The rate of privatization from 1985 until 2002 generated \$9.5 billion; whereas, from 2002 until 2012, privatization proceeds exceeded \$34 billion (Bank and Karadag, 2012, 10). Most of the sales occurred in key areas such as energy, telecommunications, mining, sugar and tobacco. Furthermore, foreign direct investment increased almost ten-fold since 2002 (Kutlay 2011, Altan-Olcay 2011). The AK Party served as a “source driving the disembedding of the market and as the main ‘re-embedder’ of the discontented, and thus propagated pro-capitalist and social solidarity values at the same time” (Gocmen, 2011).

The AK Party supported the development of the private sector and export-led growth strategies in Turkey. The government initiated tax incentives and other development schemes to encourage the private sector to export and conduct business activities abroad. For instance, Turquality, an initiative of the Turkish government, Ministry of Economy, Turkish Exporters’ Assembly, and the Apparel Exporters’ Association, facilitates and supports the emergence of Turkish brands in the international market. The Turquality program provides members reimbursements on business activities related to export operations. The emergence and growth of small and medium-sized enterprises (SMEs) contributed to the stability and diversity of the Turkish economy, as many of them pursued business opportunities in the surrounding regions, including the Middle East. The rise of SMEs in the Turkish private sector was concurrent with the rise of the AK Party as they served as a strong support base for the AK Party (Hosgor 2011).

Setting the scene and the importance of trade relations

Some Turkish companies operated in the KRI prior to the United Nations-led economic sanctions of the 1990s, some even dating back to the 1970s, however, it was really after the 2001 economic crisis in Turkey, and the U.S.-led invasion of 2003, that the presence of the Turkish private sector deepened and widened in sectors, such as banking and finance, construction, education, electricity, food items, gas, health, imports, oil, telecommunications, transportation, tourism and water. After the 2003 U.S.-led invasion, the no-fly zones, both the international economic sanctions on Iraq, and the internal sanctions that Saddam had imposed on the KRI were abolished. The centrally run Iraqi economy crumbled after the American invasion, and a new liberal economic framework was pursued. Following the U.S.-led invasion of Iraq, on March 19, 2003, the Coalition Provisional Authority (CPA) was established as a transitional government with executive, legislative and judicial authority over the Iraqi government from April 21, 2003 until its dissolution on June 28, 2004. The CPA advocated for an economy, which was to be determined by “free markets, increased globalization, and reduced government interference in the marketplace” (Looney 2004, 1). However, rather than the development and diversification of a formal private sector, the informal economy expanded due to the ongoing conflict and lack of investors (Looney 2006, Halchin, L. Elaine 2005, Ward 2005, Looney 2003a, Crum 2006, Slevin 2003, U.S. Institute for Peace 2005, Foote, Block, Crane and Gray 2004, Bremer 2003). The importance given to the oil sector since the 1950s and reconstituted under the CPA, and continued by the new Iraqi central government, discouraged the “emergence of new manufacturing exports that were essential for the successful diversification of the economy and job creation in the formal economy” (Looney 2006, 4). The central government’s overwhelming prioritization of the oil sector hindered the diversification of the

economy and the private sector and the development of local industries that could compete with the importation of inexpensive goods.

Due to the secure environment that the KRG had established over the last few decades, the KRI was largely exempt from the chaos and terrorism resulting from the American invasion and occupation of Iraq in 2003. The determination of the KRG to establish a friendly business and investment climate, coupled with the entrepreneurial spirit of the Turkish private sector, resulted in significant economic cooperation -- unthinkable a few years ago. The deepening of relations between Turkey and the KRG highlighted Turkey's multi-dimensional foreign policy and immense "soft power" in the region (Nye 2004a, Nye 2004b). The KRG, not only safeguarded a region known as a relative oasis of peace and stability in the Middle East by investing in their own security, but in the development of their economy, infrastructure and human capital. Denise Natali indicates that after the U.S.-led invasion and overthrow of Saddam Hussein, "the UN terminated its oil-for-food program and allocated its remaining funds, or about \$1.5 billion, to the Coalition Provisional Authority, which then transferred the funds to the Kurdish Regional Governments in Arbil (Hawler) and Sulaymaniyah to complete the unfinished projects in Iraqi Kurdistan" (Natali 2005, 168). Natali further notes contrary to other provinces in Iraq, "international humanitarian-aid programs have encouraged the autonomous region's economic and political prosperity" (Natali 2005, 175). The KRG creation of a liberal business environment was solidified with the approval of the Iraqi Investment Law in 2006. According to one respondent, the KRG leadership believed that molding a friendly business environment would distinguish the KRI from other regional markets as a safe and relatively easy place to do business (Regional Expert at a Foreign Policy Institute, 2015, Interview, Washington, DC). The presence

of the Turkish private sector in the KRI expanded, in part, due to the benefits granted by the Investment Law, the establishment of a visa-free scheme with the KRG, Turkey's proximity to the KRI, overlapping cultural traits and social relationships with people from the KRI, as well as a secure environment. Another senior-level bureaucrat argued that the Investment Law cemented the KRI as a viable place for the international private sector to do business (Senior Official, KRG, Interview, 2014, Istanbul). The KRG hoped that by attracting the international private sector to operate in the KRI, the international community would have a stake in future developments in the region. Representatives of the Turkish private sector were well positioned to capitalize on positive developments from within the KRI due to shared cultural values, historical trade patterns, and a contiguous land border. Furthermore, it was thought that any increase in Turkish influence with the KRG translated into more influence in Baghdad because of the Kurds' critical role in Iraq's capital (Barkey 2010).

Despite a series of Turkish truck driver hostage-takings incidents by insurgents, a few thousand trucks per day brought in goods, such as electronics, food products, military equipment, and other items manufactured in Turkey, not only for the local population, but also for consumption by the American and coalition occupation forces (Shadid 2011, Olson 2006, 19). The Turkish private sector also utilized the KRI as a safe and secure destination to store goods destined for other regions in Iraq, Syria and Iran. Turkey's Union of Chambers and Commodities Exchanges (TOBB) declared that the projected trade figures with Iraq, mostly with the KRI, was a "vital artery" for Turkey (Toker 2004). In 2005, there were only 86 Turkish companies that undertook 109 projects worth \$1.5 billion in Iraq (Kirisci 2006, 47). In 2009, there were only around 485 Turkish companies operating in the area governed by the KRG. By 2010, 730

Turkish firms, and up to an estimated 25,000 Turkish workers, were employed in the KRI (Sabah 2010). By the end of 2010, 4 Turkish firms were consortium leaders or partners in 14 out of the 40 production licenses. By 2012, there were approximately 1,023 Turkish firms in operations, employing roughly 30,000 Turkish citizens possessing residence permits. During his April 2012, visit to Turkey, KRG Minister of Trade and Industry, Sinan Celebi, pointed out that 25 new Turkish companies were launched every month in Iraqi Kurdistan, with more than half of the foreign companies that were registered in the KRG being Turkish (Ihlas 2012). According to Turkey's Trade Ministry, the Turkish-Iraqi trade relationship amounted to about \$940 million prior to the U.S.-led invasion of Iraq in 2003 (Ogus and Erbil 2005). In 2007, Turkish exports to Iraq totaled \$2.8 billion with approximately 50 percent or \$1.4 billion going to the KRI (Cagaptay, Bache Fidan Sacikara, and Baste 2015). By 2010, Turkey's export volume to Iraq was \$7 billion, 70 percent of which went to the KRI (KRG Department of Foreign Relations 2012). In 2011, Turkish exports to Iraq equaled \$8.3 billion, of which approximately 5.1 billion went to the KRI and in 2013, approximately \$8 billion out of \$11.9 billion went to the KRI (Cagaptay, Bache Fidan, Sacikara, Baste, 2015).

Overview of business associations and key sectors in Turkey that relate to this thesis

The AK Party's multi-dimensional approach to foreign policy included an emphasis on the stability of the Turkish market and continued economic growth, coupled with the expansion of the Turkish private sector's global reach. Kirisci noted that this phenomenon contributed to the rise of Turkey as a trading state. Kemal Kirisci claims that, "The decision in 1980 to liberalize the Turkish economy and adopt the precepts of

the Washington consensus led to the gradual emergence of export-oriented Anatolian Tigers as constituencies seeking markets abroad” (Kirisci 2009, 43, European Stability Initiative 2005).^{vi} The widening of the Turkish private sector established a new pillar of influence for Ankara (Kirisci 2009, Kirisci, Tocci and Walker 2010). With regard to the relationship between the government and the private sector, Kirisci, indicates, “The liberal market policies put into place in the 1980s eventually led to the emergence of strong business interest groups increasingly able to access the government as well as foreign decision-makers” (Kirisci 2009, 46). Atli noted, “One of the most crucial components of the interaction between the state and business is the role of business associations that translate common interests into collective action” (Altay 2011, 110).

The main motive behind choosing the construction sector and the export sector and associated business entities that are included in this dissertation is that they portray a diverse picture of engagement by the Turkish private sector in the area governed by the KRG. The impact of the Turkish construction sector on economic security in the KRI will be analyzed in Chapter 4 on the Construction Sector. The impact of the Turkish export sector and other Turkish business initiatives on economic security in the KRI will be reviewed in Chapter 5 on the Export Sector and Associated Business Activities. Although this dissertation does not include all Turkish business associations operating in the KRI, it highlights the two that are most pertinent to this research project as they represent the bulk of businesses engaged in these sectors. The Turkish Contractors Association (TMB), established in 1952, is the oldest, nonprofit, non-governmental professional organization in the Turkish construction industry and represents the leading construction companies in Turkey. The Turkish Exporters Assembly (TIM), established in 1993, serves as the leading association for regional exporter unions, and

is fully subject to public institutions' regulations. Many of the members of these two organizations have been operating in the area governed by the KRG since the U.S.-led invasion of Iraq in 2003, some even before the 1991 invasion of Iraq. The associations represent a variety of companies concerning their size, some being small-medium sized enterprises (SMEs) while others are large corporations. Some of the private sector entities that are referred to in this research project are members of more than one business association. There were only a few companies that I interviewed that were not members of the two associations mentioned in my research.

The engagement of Turkish companies in the construction sector

Following the U.S.-led invasion of 2003, the Turkish construction sector gained a significant portion of all infrastructure and commercial projects in the area governed by the KRG. Since 1975, about \$12.7 billion of construction projects in Iraq were completed by Turkish firms with \$11.3 billion of that amount or 89 percent being completed after the 2003 invasion (Oxford Business Group 2012). Because of the destruction of major infrastructure by the Saddam regime, the KRI was in need of a complete overhaul. Bridges, electrical network, hospitals, roads, schools, water and sewage systems all needed to be constructed or renovated (United Nations Development Programme 2012). Due in part to the proximity of the region, and the capacity for trucks to haul in cement and other heavy machinery relatively easily companies from Turkey were some of the first to begin working in the construction sector in the KRI. In general, Turkish companies were willing to open satellite offices, relocate staff, and share technical skills with local employees and contractors.

The engagement of Turkish companies in the export sector and associated business initiatives

Turkish manufactures and exporters capitalized on the shared Turkey-KRG border for easy access and relatively low-transportation costs to the KRI, rise in stability and economic development, familiar cultural reference points, a burgeoning middle-class, demand for reasonably priced high-quality goods, and growing commercial infrastructure. Companies from Turkey supplied approximately 80 percent of Iraqi Kurdish consumer imports ranging from textiles, food products, and furniture (Turunc 2011). Just step into one of the new shopping malls, such as the Majidi Mall in Erbil, and one will find a wide array of Turkish brand name goods, and will intermittently hear Turkish spoken, as the language has become widely used in business and retail circles (Hava 2012). Even grocery stores supply Turkish food products – from rice and pasta, to chocolate and cheese. Erol Ertemer wrote that Riza Nur Meral, the head of the Confederation of Businessmen and Industrialists of Turkey indicated, “There is no doubt that Turkey is the key supplier of food to northern Iraq. I believe greater opportunity lies in this region for Turkish businesses to increase their export volume” (Ertemer 2012). Many companies from Turkey not only exported goods to the KRI, but also routinely utilized the warehouse infrastructure in the KRI to store goods before re-exporting them to other provinces in Iraq and on to Iran and Syria.

The KRG’s quest to establish a friendly business environment in the KRI

Despite the difficulties faced by the people of Iraqi Kurdistan under the Saddam regime, rising regional instability and global economic crisis, combined with the chaos and violence that followed the U.S.-led invasion of Iraq, there was still a remarkable move towards stabilization and economic growth in the KRI. Building on the political steps

that were taken to start a democratic framework during the 1990s, the KRG established key government bodies, such as the Board of Investment and the Ministry of Planning, orchestrated strategies to promote socioeconomic development in the region, and implemented key investment-related legislation. There were key factors, such as the passing of the KRG Investment Law, in 2006, the relatively safe business environment, high return on investment, the visa-free regime for Turkish citizens in the KRI, Turkey's proximity to the KRI, overlapping cultural traits and social relationships, and a secure atmosphere in the KRI that attracted the Turkish private sector to the region.

The major step to following a whole-of-government approach to ensure cohesive and sustainable efforts for socioeconomic development was to establish and give authority to the relevant government bodies. The Ministry of Planning (MOP), established in 2006, was tasked with six main responsibilities: prepare the annual investment budget and acquire approval from Parliament; conduct long-term sector-based planning for the region; develop human resources; coordinate and cooperate with international development agencies including the World Bank and U.S. Agency for International Development, among others; support the Kurdistan Regional Office for Data and Statistics; and lastly, conduct quality control of imported goods. The Board of Investment (BOI), also established in 2006, focused on the promotion of domestic and foreign investment in the region. The BOI's specific objectives related to creating investment opportunities for both domestic and foreign investors, providing professional services, and ensuring that investment procedures were simple, transparent, and within the legal framework of the region (KRG Board of Investment). In addition to establishing the two main government bodies, tasked with implementing socioeconomic development strategies and the necessary frameworks to attract both

domestic and international investment, the KRG launched the Erbil Stock Exchange (ESX) to ensure a more transparent and sophisticated platform to facilitate the trading of shares in local companies, and to attract investment to the region (al Sayegh 2012). According to Abdullah A. Abdul Rahem (Abo Bangin), Chairman of the ESX, “The launch of the ESX initiative is yet another testimony of the commitment of the people of our region to not only showcase the positive developments in Kurdistan, but to also position the region as the gateway to Iraq and its growth-oriented companies” (Louis Berger, 2013). Furthermore, the “ESX is (a) modern market that parallels legislation, regulations, institutions, technology, information and processing of the developed markets in the region” (NASDAQ OMX 2013).

The KRG used key international development indicators, such as the Millennium Development Goals and the Sustainable Development Goals, as benchmarks to evaluate the reconstruction and stabilization of the region (Ford 2015). The KRG applied other international approaches to combatting human insecurities by establishing their own strategies for socioeconomic development (UNDP 2012, KRG Ministry of Planning 2012a). Development aid agencies that had been engaged in Iraq, some during the United Nations Oil-for-Food Programme, while others after the U.S.-led invasion of 2003, offered their analysis on how to implement a sound development framework for the KRI. One in particular, RTI-International, prepared an economic development assessment for the U.S. Agency for International Development (USAID), and outlined four key areas that it deemed pertinent for accelerated economic development and growth. The first factor was a lack of information and transparency regarding economic data and rules and regulations required of ministries. The second was the absence of an effective, modern banking sector. The third was the need for an education system that

met the demands of a market economy. Fourth was the lack of adequate infrastructure that could support the changing economic picture (USAID 2008). The United Nations Development Program (UNDP), initiated the *Socio-Economic Infrastructure Needs Assessment* (KRG Ministry of Planning, 2012b), to assess and “identify the Region’s key infrastructure gaps and to provide a detailed and realistic evaluation of the investment needed to remedy these deficiencies” (KRG, Ministry of Planning and the UNDP 2012, 5). The study was meant to provide the relevant government bodies a framework on how to “better prioritize infrastructure investment and to implement the policy changes needed to narrow the gap in the quality of service provision in relation to other sectors” (KRG, Ministry of Planning and the UNDP, 5, UN-HABITAT 2012).

Introduced by the Kurdistan Board of Investment (BOI), the main piece of free-market legislation, the Investment Law was enacted in July, 2006. The law was debated and approved by the Kurdistan National Assembly,^{vii} the Region’s parliament, and ratified by President Masoud Barzani. Minister Falah Mustafa Bakir, Head of Foreign Relations for the KRG, called the Investment Law “among the most investor-friendly laws in the wider region” (Kurdistan Tribune 2011). The passing of the Investment Law established a relatively safe business environment, and provided opportunities for high returns on investment, thus contributing to a boost in the volume of bilateral trade between Turkey and the KRI. One regional expert close to the KRG indicated that the idea behind enticing the international private sector to operate in the KRI was to ensure they invested in the future of the region (Regional Expert at a Foreign Policy Institute, 2015, Interview, Washington, DC). It is important to note that not all officials agreed with offering such a liberal business environment to the international private sector. One representative argued that although the Investment Law attracted essential investment

for the development of the infrastructure in the KRI, however, by not including a stipulation to employ native residents it failed to guarantee knowledge transfer between Turkish and local professionals (Senior Official, KRG, 2014, Interview, Istanbul). Representatives from the Turkish private sector who were interviewed for this research project mentioned that the following articles of the Investment Law, 2006, enticed them to do business in the KRI:

- Foreign and local investors and capital are treated equally under the law;
- Foreign and local investors are entitled to own all of the capital of any project;
- The government allocates free or reduced-price land to investment projects that fulfill the criteria;
- Foreign investors are free to repatriate capital upon the liquidation or disposal of the project, provided that it does not conflict with the provisions of law, customs procedures, and tax procedures;
- Investors are entitled to insure a project through any national or foreign insurance company;
- Foreign and local investors are equally entitled to buy and own land for investment purposes, that is, if it does not contain oil, gas or mineral resources;
- Investors get a 10-year non-custom tax break once they start production or service provision;
- A Project shall be exempt from all non-custom taxes and duties for 10 years starting from the date of providing services by the Project, or the date of actual production;
- Exemption from all taxes and non-customs duties for machinery, raw materials and equipment imported for a project, provided an import license is obtained;
- Foreign companies are allowed to bring in their own workers and own land;

- An Investor may employ local and foreign staff needed for the Project, with the priority given to recruiting local manpower in accordance with the laws and regulations applicable in the Region (KRG 2006).

A visa-free regime existed for Turkish citizens visiting the KRI. The official requirement by the central government of Iraq is that all Turkish citizens must obtain a visa from a diplomatic mission abroad before entering the country. However, the KRI circumvents this requirement by allowing Turkish citizens planning to visit for a short period to enter the KRI without a preapproved visa. Visas could be obtained upon arrival, either by land, at the Habur-Zakho border crossing, or at an air border point at one of the major international airports in Erbil and Sulaymaniyah. An overwhelming majority of respondents acknowledged that the visa-free regime for Turkish citizens contributed to the increased presence of the Turkish private sector in the KRI. Turkish companies were able to bring workers of all skill levels to the KRI without foreplaning, without completing any government paperwork, and at a relatively low cost. Foreign workers staying in the KRI for an extended time period were required to register with the KRG Directorate of Residence. Many companies from Turkey utilized local intermediary firms to expedite the process of acquiring residence permits for employees.

The close proximity of the KRI to Turkey rendered it easy and cost effective to transport goods and people. The development of infrastructure, including major highways and airports, facilitated the ease of travel with many projects being undertaken by companies from Turkey. The major flow of people stemmed from Turkey, with more than a million Turkish citizens passing through the Habur-Zakho border crossing annually from 2009

– 2014. The number of Iraqi citizens entering into Turkey steadily increased since 2005, when the figure stood at little more than 100,000. In 2012, 533,149 Iraqi citizens entered Turkey and in 2013, 730,639 entered Turkey with the majority traveling via air rather than crossing at the land border (Turkish Statistical Institute). Turkish citizens tended to travel to the KRI for business purposes, whereas Iraqi Kurds traveled to Turkey for leisure, medical treatment, and business operations.

Some respondents mentioned that the overlapping cultural traits and social relationships facilitated the increase in companies from Turkey doing business in the KRI. Many of the Turkish citizens involved in business activities in the KRI were either from the southern part of Turkey, which is a predominately Kurdish region, or had Kurdish ethnic ties. Despite the different Kurdish dialects spoken across the region, most representatives who had Kurdish connections were able to understand one of the two main dialects spoken in the KRI, Sorani or Kurmanji. Respondents who were not familiar with Kurdish mentioned that it was common for Iraqi Kurds to speak Turkish or English. Therefore, respondents indicated that it was relatively easy to communicate with their counterparts in the KRI. For company representatives who did not share Kurdish cultural traits, they remarked that they still felt culturally close to their Iraqi Kurdish counterparts, and were able to understand one another's perspectives. The one challenge that arose regardless of ethnic origin, among company representatives from Turkey, is that Turkish corporate officials often felt their Iraqi Kurdish counterparts did not place the same value on time management and professional conduct as might be expected in the Turkish work environment.

During the U.S. occupation of Iraq, from 2003-2011, the KRI was commonly known as the most secure environment in Iraq. Many businesses utilized the region to not only trade with and operate from within the KRI, but also served as a destination to store goods, which were then re-exported to other provinces in Iraq, Iran and Syria. The economic relationship between Turkey and Iraq, including the KRI, shifted briefly when in June 2014, Daesh seized control of Mosul, Iraq's second-largest city, blocked major trade routes south, kidnaped Turkish truck drivers, occupied the Turkish Consulate in Mosul, and captured the consulate staff, their family members, and the security detachment. Both the KRG and international community were in disbelief when in August 2014, Daesh engaged in an offensive towards the capital of the KRI, advancing within approximately 22 kilometers of Erbil (Aydintasbas, 2014, Filkins, 2014). The inability of the Kurdish Peshmerga and the Iraqi military to defend its territories against Daesh, without international support, and the ongoing political wrangling in Baghdad over the new Parliament and power-sharing arrangements, raised concerns regarding the future of a unified Iraq, and even the future of the KRG. The Iraqi government stopped paying the KRG the constitutionally mandated 17 percent share of the budget in early 2014 (UNDP 2009). Due to the unexpected rise and expansion of violence in Iraq, trade from Turkey to most provinces in the country, including the KRI, lessened from June to August. However, by September 2014, Turkish exports to Iraq had equaled \$909,123,273 million (Turkish Statistical Institute). Therefore, despite the uncertain security situation in Iraq, trade between the KRI and Turkey remained relatively on track.

Conclusion

Mohammed Ayooob explored the subsequent coming storm and chaos that ensued from the U.S.-led invasion of Iraq in 2003, and questioned whether Iraqi Kurds were more secure just because they were “emancipated” from the Saddam regime (Ayooob, 2003). He argued, “Continuing occupation and rule by an American satrap is bound to rekindle past images of colonial rule in Iraq, to make the Americans deeply unpopular, and even eventually to lead to a bloody uprising against the United States and any regime it supports in Iraq” (Ayooob 2003, 35). Despite the eruption of violent conflict in most governorates in Iraq, the KRI remained relatively safe and stable. Respondents indicated that in part because of the secure, liberal, and relatively untapped market, the companies they represented were eager to undertake business operations in the KRI. According to KRG officials the creation of a liberal business atmosphere attracted the Turkish private sector, particularly the construction and import sectors, as well as other business initiatives that supported these two sectors, and in turn persuaded the international private sector to invest in the long-term stability and security of the KRI (Hava 2012). Erbil struggled to maintain relations with the Iraqi central government, led by Nouri al-Maliki, who was not at ease with the growing autonomy of the KRG, which perceived Turkey as its best possible ally in an unstable region. In line with the AK Party’s strategic depth approach to foreign policy making and due to the influence of the Turkish private sector, Ankara pursued a multi-dimensional approach, with diplomatic, economic, and security aspects as the main pillars of relations with the KRG. The lines of communication grew even stronger between Ankara and Erbil as trade and investment flows increased and diplomatic correspondence widened. The following two empirical chapters will provide insight on the measurement and impact of Turkish

private sector activity in the KRI from 2004 to 2014 against the economic security indicators.

Chapter 4 – Impact of the Turkish Construction Sector on Economic Security in the KRI

Introduction

The chapter will begin with an overview of infrastructure development in the Kurdistan Region of Iraq (KRI) followed by the engagement of the Turkish private sector in the KRI. The central focus of this chapter is the empirical data which arose from interviews with representatives from the Turkish construction sector. The information in this chapter provides crucial insight into the Turkish private sector's engagement in the KRI.

Infrastructure development in the KRI

The neglect of the infrastructure of the KRI began in the 1980's when Saddam Hussein redirected government-spending priorities to support his aggressive war against Iran (1980-1988) and to suppress Kurdish insurrections against his government. Neglect continued after Saddam's 1990 invasion of Kuwait, the subsequent war with the U.S. (1990-1991), the failed Kurdish uprising against the Iraqi government (1991), the massive refugee flights to Iran and Turkey (1991-1992), and cessation of Iraqi government assistance to the KRI (1992), which forced the people of the KRI to immediately begin governing the region without support from Baghdad. The debilitating double embargo, one imposed by Saddam Hussein on the KRI, and one enacted by the United Nations upon all of Iraq (1992-2003), the chaos and ineptitude of the American occupation of Iraq (2003-2011) and resulting resistance, terrorism and civil war, roughly following confessional lines of the Sunni and Shia Iraqis further devastated the region. Without the interference of Saddam Hussein's regime and with American humanitarian assistance and military support, the KRI avoided the turmoil and terrorism that existed in the rest of Iraq.

Iraq was a unitary state under the Ba'athist Arab Socialist Party and reflected a highly centralized allocation of resources based on the priorities of the Baghdad central government. The Ba'ath party government not only closely controlled the ministerial bureaucracies, but also wide-ranging state owned industries, universities, hospitals and other social institutions normally associated with private sector ownership and management. From 2003-2004, the initial year of American occupation, most central government entities were looted, and their senior administrators dismissed from their positions due to their obligatory membership in the Ba'ath Party that was required as a condition for employment. The Iraqi government had essentially collapsed and, even after the establishment of a constitutional government in 2005, the new governing body in Baghdad provided little assistance for the KRI.

As in many developing states, the Kurdistan Regional Government (KRG) conducted many of the functions of the private sector such as leading infrastructure asset management and the administration and operations of industrial and commercial enterprises. However, prior to the U.S.-led invasion of Iraq, in 2003, the KRG lacked the appropriate financial, human, institutional, and material capacity to begin effective infrastructure reconstruction. With the establishment of a unified KRG in 2005, the region began a concerted effort to rehabilitate existing, and construct new infrastructure and to restore basic services. The KRG adopted the Bush Administration's neoliberal agenda concerning the ease of doing business in the region. Although state socialism still dominated, there was willingness to allow market capitalism to emerge in conjunction with the rise of the oil industry as the economic driver for the economy. Transfers of 17 percent of the national oil revenues from Baghdad to the KRG

accelerated reconstruction efforts. Given the low level of human capital and infrastructure development resulting from 30 years of war, ethnic cleansing, neglect, embargoes and terrorism, the KRI, with the help of Turkish construction and management companies, made significant progress in infrastructure recovery and restoring access to basic services over the last decade. However, the KRI still appeared constrained by its almost total reliance on oil revenues for continuance of government operations and economic activity.

In coordination with Baghdad, the KRG only recently began to charge customs duties on imported materials and products; however, profits of foreign corporations doing business in the KRI were not universally taxed (Fowlie 2014, Cosan 2015). Therefore, when deprived of their share of the total Iraqi oil revenues, the KRI experienced economic turbulence and financial crisis when the KRG could not execute the budget as planned. Furthermore, the local private sector expanded in part as a dependent entity of Turkey's domination of business activities, which compromised its independence and made it more vulnerable to economic shocks. Providing hefty sums of government subsidies, and keeping large numbers of civil servants on the pay roll, posed challenges to encouraging economic growth and diversification of the economy. A local private sector, independent of the KRG's business activities, could optimize the allocation of resources, all the while supporting competitiveness, innovation and productivity in the local economy. However, it takes a significant amount of time, cash and support to develop successful businesses especially in fragile and conflict-affected environments.

Furthermore, the KRG implemented key investment-related legislation to attract the international private sector, and devised strategies for socioeconomic growth in the

region. The main government entities responsible for the construction of commercial and institutional housing and infrastructure projects were the: Board of Investment; Ministry of Housing and Reconstruction; Ministry of Municipalities and Tourism; Ministry of Electricity; Ministry of Planning; Ministry of Trade and Industry; Ministry of Transportation and Communication; Ministry of Finance and the Economy; and the Ministry of Agriculture and Water Resources. By January 12, 2014, the KRG “Investment Board had approved 642 projects with a capital value of \$36.4 billion, which encouraged schemes in the following sectors: agriculture, banking, communications, education, environment, health, housing, information technology, insurance, irrigation and dams, manufacturing, power generation, roads and bridges, science and technology research, tourism and transport” (Meed 2014).

Presence of the Turkish construction sector in the KRI

When the Turkish construction sector began operating in the KRI shortly after the U.S.-led invasion in 2003, there was a lack of private and public sector indigenous capacity in construction management, human resources and material resources. Therefore, the KRG accepted investment proposals and later opened a tender process to international companies for major infrastructure projects. The Turkish construction industry was well positioned to win most bids, due to its depth of experience; proven track record of performance in Russia, Central Asia, the Middle East and North Africa; contiguous land borders with the KRI for low-cost transport of equipment and materials; availability of Turkish Kurds to act as intermediaries with Iraqi Kurds; and similar cultural values. Respondents, interviewed for this research project, indicated that they implemented projects in the KRI, in part, because of the quick and safe return on investments. Respondents indicated that their major concerns about working in the construction

sector in the KRI related to the following factors: lack of a highly qualified labor force, questions over land acquisition and site development, unclear building codes and permits, and quality control standards. Respondents also noted that the development and implementation of sound government policies were essential for the construction sector to prosper and to facilitate human capital development associated with the sector.

In the beginning of the economic up-turn (2005-2006), infrastructure investments strengthened the economy and ensured the provision of public services. The construction sector experienced above-average employment growth and a substantial share of employment since 2003, despite the limited amount of job opportunities offered by Turkish companies (Shatz et al. 2014). Private firms were the driving force of the construction sector, the fastest growing economic sector in the region. Roads, bridges and tunnels were either renovated or constructed from scratch, providing faster and safer transportation access within the KRI. Energy supplies increased and water supply systems became more widespread. The number of schools and universities increased to meet the demands of a growing young population. Public and private hospitals, including primary health centers expanded, but lack of qualified medical personnel posed challenges to meeting the health needs of the people in the KRI (Anthony, Moore, Hilborne, Mulcahy 2014). During the timeframe of this research project, the engagement of the Turkish construction sector was arguably the cornerstone of the infrastructure development experience in the KRI. In 2008, Turkish dominance of the construction activity in the KRI was estimated to be 95 percent (USAID 2008). According to a Finnish-Swiss report, approximately 75 percent to 80 percent of the construction business, be it roads, tunnels, silos, dams, housing projects, and major airports, were undertaken by Turkish companies (SEM 2012, 20).

It is important to note that at the time the interviews concerning the construction sector were conducted, from May 2014, until August 2014, a significant security threat emerged in the KRI. The ongoing conflicts in Syria and Iraq allowed Daesh to secure a dominating presence in the region, which highlighted the immediate need for human security, as well as military security (KRG and UN 2014a). Many respondents noted that the companies they represented had begun to reconsider their engagement in the KRI due to: increase costs associated with the construction sector, particularly in labor and materials; the precarious security situation resulting from the advancement of Daesh in the KRI; and the ongoing dispute between the KRG and the central government in Baghdad over revenue sharing, which resulted in delayed KRG payments to the private sector. Aydin Toprakli, Kalyon Construction Industry and Trade Corporation, noted, “We are having problems convincing some international companies that the area governed by the KRG is safe. The company has made purchases from foreign companies and we are waiting for those companies to send representatives to ensure the quality of the products and also to guarantee the proper installation of the items” (Aydin Toprakli, Kalyon Construction, 2014, Interview, Istanbul).

Turkish companies operating in the KRI

The Turkish Contractors’ Association (TMB) is the main nonprofit professional organization that supports the construction sector in Turkey. Member companies are medium to large-scaled corporations who undertake projects in both Turkey and abroad. Although the TMB is a private organization, it frequently works with the Turkish government. For instance, the TMB often arranges meetings between foreign private sector representatives and government representatives from the Ministry of Economy and the Ministry of Trade. Concerning the subject matter of this research project, the

TMB frequently provided information regarding the opportunities and challenges facing its members in the Turkish construction sector who operate in the KRI. Due to the 2014 spike in violence in Iraq, TMB members regularly convened to discuss security concerns and the possible impact on their operations in the region.

Economic security spectrum findings

The following section presents the empirical data from interviews with Turkish construction companies that operated in the KRI. The aim of the interviews was to investigate Turkish private sector activity in correlation with the thirteen economic security indicators. Chapter 6, entitled, Conclusions, will provide an analysis of the impact of Turkish private sector activity on economic security in the KRI.

1. Public-private relations

As mentioned in the beginning of this chapter, during the conduct of the interviews on the construction sector, the economy and security environment in the KRI was severely compromised. The recent advance of Daesh in the KRI and the political conflict and dispute between Baghdad and Erbil caused financial instability, which negatively affected the entire economy in the Kurdish Region, the delayed processing of KRG payment certificates and had a ripple effect on all private sector operations. The majority of respondents indicated that strong public-private relations contribute to the development and implementation of sound government and private sector policies, and ensure good governance particularly in a conflict and post-conflict environment (Institute for Economics and Peace 2014b). The major themes that emerged regarding public-private relations related to the various aspects of working with different clients for the project; interfacing with a consulting firm, versus dealing directly with the KRG;

and how to incorporate recommendations by KRG representatives, as well as the one-year guarantee period; process of acquiring a project; and the importance of upholding a framework of contracts and standards.

Type of client

Generally Turkish companies interfaced with three types of clients: first, the KRG itself; second, an international development agency, such as the Japan International Cooperation Agency (JICA); or third, a private sector entity.

The KRG as the main client

Most of the companies that undertook large infrastructure projects were hired directly by the KRG. According to Suleyman Ciliv, “We did not work with a contractor, who often act as a middleman. We worked directly with the KRG” (Suleyman Ciliv, 77 Construction and Contracting Company, 2014, Interview, Istanbul). Erdal Yenigun advised, “Yenigun Construction worked directly with the government rather than with a consultant. The client was the KRG Ministry of Construction and Housing. The Ministry tasked local engineers to follow the development of the project” (Erdal Yenigun, Yenigun Construction, 2014, Interview, Istanbul). Tepe Construction dealt directly with the Ministry of Higher Education and the Ministry of Reconstruction and Housing through a Supervision Board. Yuksel Construction, Makyol Construction, Sa-Ra Energy, Ilci Holding, and Renas Company all worked directly for the KRG on the projects that are included in this dissertation. In the beginning of the research timeline, many Turkish construction companies acquired infrastructure projects solely due to their positive reputation and personal contacts with officials from the KRG. In the second half of this research timeline, the KRG began to require companies to undergo

a pre-qualification vetting procedure “for any project with a budget in excess of \$5 million” (Invest in Group 2013a), to ensure that only companies which had the capacity, capital, and expertise to successfully complete projects applied for tenders. Streamlining the tender process weeded out companies that lacked the capacity to accomplish a project per the specifications listed in the KRG tender.

International development agency as the main client

The Fernas-Kalyon-STFA Water Supply Improvement Project in Erbil and Dohuk, funded by JICA, was one of the few Turkish companies to work directly for an international development agency. Despite the economic crisis in the KRI, Fernas-Kalyon-STFA were not hurt financially since they received their payments directly from JICA, rather than the KRG.

Private sector entity as the main client

It was common for smaller construction companies or companies unwilling to assume large responsibilities to perform professional functions as sub-contractors. For instance, Enka Construction was hired by Mass Group Holding to undertake the Erbil Combined Cycle Power Project in the KRI.

Interfacing with a consulting firm versus dealing directly with the KRG

In theory, a consultant served as an intermediary or mediator between the client and the foreign company from Turkey. Cuneyt Karacasu, noted, a consultant was assigned to track and “evaluate the progress on behalf of the KRG” (Cuneyt Karacasu, Yuksel Construction, 2014, Interview, Ankara). However, many respondents perceived the consulting firms as advocates or spokesperson for the government and rarely

represented the concerns of the company from Turkey. It was apparent from interviews that respondents felt consulting firms performed as if they were an extensions of the government. Several company representatives interviewed indicated that even though project planning and work schedules were agreed upon between the client and the company at the beginning of the contract, consultants still lacked understanding of the project details. One respondent mentioned that the consulting firm did not have the technical knowledge or capacity to consult on specific aspects of their project. One respondent revealed that professionals from the consulting firm, hired by the KRG, could not prepare basic progress/status reports. Another respondent noted that he created all of the monitoring and evaluation templates for the consulting firm to use. Respondents noted, therefore, instead of evaluating the progress of the project based on specific technical benchmarks defined in the planning and work schedule, they focused their evaluations on the project costs. Another challenge to working with consultants was that they often interjected their own opinions regarding the implementation of the project. One representative noted that the consultant who was assigned to them often questioned the quality of materials the company had chosen to purchase for the project. The consultant wanted the company to change the materials that were already agreed upon at the beginning of the project, and to instead procure materials from abroad, which were more expensive and would take longer to import. Another representative noted that the consulting firm's delays often extended the decision-making process, which in-turn delayed the completion of the project and the final payment. Sometimes, companies who worked with consulting firms still had to interact with representatives from the relevant KRG ministry, as well. Although hired by JICA, representatives from Kalyon-Fernas-STFA frequently met with a Lebanese consulting firm, Khatip and Alami, as well as with the KRG Water Authority, to discuss progress on the Water

Supply Improvement Project in Erbil and Dohuk. Several respondents offered that the KRG was a relatively new government, and appeared not to have adequate human capital, technical knowledge and capacity to track all its construction projects in detail. Still, many respondents who worked with a consulting company indicated that it would have been a more positive working experience if they had interfaced more often with officials from the KRG, rather than a consulting firm.

Input of KRG representatives and the one-year guarantee period

Some respondents indicated that they experienced bureaucratic issues because the KRG was still a relatively novice government. One respondent noted that the KRG was unable to process residence permits in a timely manner. The same representative noted, that even when residence permits were issued, the movements of their employees within the KRG were often limited. Another representative noted some KRG bureaucrats were unfamiliar with the professional business standards of large Turkish companies, which posed challenges when a final inspection of the project was required.

Other respondents indicated that they had a positive experience working with officials from the KRG. Timucin Onogur, from Sa-Ra Energy, noted, “We mainly dealt with the KRG Ministry of Energy for our project. They provided the necessary permissions, for the execution of the work. Since the KRG authorities were familiar with the Turkish contractors, there was no serious conflict or problem during the execution” of the project (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). Tepe Construction worked closely with the Ministry of Higher Education and the Ministry of Reconstruction and Housing. (Associate, Tepe Construction, 2014, Interview, Ankara).

Another respondent commented that KRG officials were hard working and were committed to the development of the KRI.

Some company respondents mentioned they represented interfaced with KRG inspection teams on a regular basis. According to Suleyman Ciliv, from 77 Construction and Contracting Company, “Engineers from the Highway Department worked closely with our project team in order to ensure that the project was completed in accordance with required standards” (Suleyman Ciliv, 77 Construction and Contracting Company, 2014, Interview, Istanbul). According to Cuneyt Karacasu, from Yuksel Construction, “A Planning and Work Schedule was agreed upon between the client and the company at the beginning of the project” (Cuneyt Karacasu, Yuksel Construction, 2014, Interview, Ankara). Furthermore, Karacasu noted, “a company needs to be careful about the performance and progress of the project,” so that there are no major disputes with the KRG (Cuneyt Karacasu, Yuksel Construction, 2014, Interview, Ankara).

However, other respondents commented that KRG inspection teams rarely provided any guidance or observations during the operations of the project. Rather, according to respondents, KRG officials provided remarks once the construction company deemed the project complete and the one-year guarantee period began during which the client could evaluate and raise any disputes regarding the quality of the project. In some cases, the KRG did not sign an initial completion agreement because of disagreements over the completion of the project. A few respondents indicated that even though their projects were completed, disputes over minor details of the project allowed the KRG to delay or withhold the final payment. A few respondents noted their companies experienced delayed final payments due to a dispute between the KRG and the

implementing company, which in-turn faced severe financial burdens on their companies. Therefore, an overwhelming majority of respondents noted it was crucial that the implementing company constantly communicate with either the appropriate KRG ministry or the assigned consultant in order to reduce the possibility of major disputes arising at completion of the project timeline.

Process of acquiring a project

The process of acquiring a project in the KRI depended on the sector and whether or not a company was interested in performing services or supplying goods directly to the government or private sector entity. Some respondents commented that the company they represented secured the tender through a formal and solicited process. Other project contracts were bestowed due to personal relationships between a corporate owner/official and an influential KRG representative. A few respondents advised that the company they represented acquired a project as a subcontractor and, therefore, bypassed government procedures as the main client had already gone through the formal tendering process. For instance, according to Aykut Altin, Enka Construction, “Enka was invited by Mass Group Holding, an Iraqi Jordanian company, to undertake a turnkey project. Enka undertook all of the design works, logistics, supply, and other tasks on the project” (Aykut Altin, Enka Construction, 2014, Interview, Facetime). Recently, the KRG began to implement a more efficient and transparent tendering process by requiring companies to register to partake in a pre-qualification stage for large strategic projects that have budget greater than \$5 million (Invest in Group 2013a). The KRG grades companies according to technical and financial capabilities, as well as their experience working on similar projects in the past five years (KRG, Ministry of Finance 2010, 4). The pre-qualification process was meant to eliminate companies who

did not meet the requirements of the tender, and highlight companies that were most likely able to complete the project regardless of its national origin.

Framework of contracts and standards

Respondents indicated it was important for all involved parties to adhere to an internationally recognized contract and high-level business standards. According to Article 17 of Investment Law No.4, issued by the President of the Kurdistan Region in July, 2006, “investment disputes must be settled in accordance with the contract concluded between both parties, and if there is no clause in the contract in this regard, the disputes should be settled amicably between both parties. If they fail to reach an amicable settlement, they may refer the matter to arbitration in accordance with the laws applicable in the Kurdistan Region, or in accordance with the rules of dispute settlement mentioned in any of the mutual or international conventions of which Iraq is a member” (Amereller 2010, 40). Despite the legal framework, there was a perception among some of the respondents that existing dispute mechanisms were neither reliable or transparent. Other respondents were under the impression the KRG did not respect international contracts when it was not in their favor. One respondent mentioned that he considered opening a case against the KRG in an international arbitration court due to delayed payments.

2. Basic income and poverty alleviation

Very few respondents commented on whether their projects had any impact on assured access to basic income and poverty alleviation. According to Renas Elci, from Renas Company, noted his project “helps the basic income level for an individual or citizen” (Renas Elci, Renas Company, 2014, Interview, Ankara). Timucin Onogur, from Sa-Ra

Energy, noted there was “no measured affect, but surely the project contributed to the budgets of the employees who worked in the project” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). The KRG Ministry of Planning adopted a multi-year strategic plan called the *Regional Development Strategy for Kurdistan Region* for the years 2013-2017 to better enhance and inform the development process, capital investment projects, and the annual KRG budget. The study indicated that three quarters of the KRI’s population live in urban areas yet 77.6 percent of the economically deprived households live in rural areas (KRG, Ministry of Planning, 171).

Several respondents believed their projects contributed to poverty alleviation. According to Timucin Onogur, Sa-Ra Energy, “The project affected the income of the people who were employed and their families in a positive manner” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). Bilal Guzel, from Ilci Holding, noted, “Surely, our project increased the economic level in the region” (Bilal Guzel, Ilci Holding, 2014, Interview, Skype). One respondent noted that their project had an impact on poverty alleviation as many of the employees were from rural areas where there were not many job opportunities. Another respondent noted their unskilled employees, particularly, experienced some degree of poverty alleviation. According to Renas Elci, from Renas Company, “Regular employment provides a steady income which contributes to poverty alleviation” (Renas Elci, Renas Company, 2014, Interview, Ankara).

Framework for social security and pensions

Some respondents indicated that their payments into the KRG Social Security and Pensions Contributions Program (SSPC) for their local employees would have a lasting impact on poverty alleviation. Respondents had the impression that the social security

program ensured that long-term economic development was sustained, and encouraged employees to remain engaged in the private sector, since they would receive pension benefits long after they have stopped working. Until recently, the social security and pensions laws were based on Iraqi national laws, which were outdated and not applicable for the transition from a public sector-driven economy, to one focused on an expanding market driven private sector. Eli Doosky noted, “The pensions and social security have been modified so those in the private sector will have similar benefits as government employees” (Doosky 2001). A few respondents indicated a strong and secure market-oriented social security program might encourage potential job seekers to consider employment in the private sector.

In order to participate in the Social Security and Pensions Contributions Program (SSPC) a company was required to register at the General Directorate for Labor and Social Security, an office affiliated with the Ministry of Labor and Social Affairs. Employers were also required to register non-Iraqi workers, who could apply for an exemption if they did not want to pay into the SSPC program. Expat workers have to provide evidence that they are contributing to an alternative social security program, which can be either a state-owned or private pension plan. Expatriate workers have to contribute to the local social security program in the KRI if they fail to provide adequate proof. By law, a total of 17 percent of an employee’s monthly salary must be paid into the SSPC. A total of 5 percent of the monthly salary is paid by the employee and 12 percent of the salary by the employer. Companies have the right to pay the entire 17 percent of the amount without employees deducting anything from their salaries. However, among respondents there were mixed responses concerning how much a company was required to contribute to social security (Deloitte 2013).

It was apparent that many of the companies included in this research project paid into the SSPC in the KRI; however, their perspectives and contributions were significantly different based on when they did business in the KRI. For those companies working in the KRI at the beginning of my research timeframe, they usually paid a lump sum to the government. One representative noted that at the end of the project, the company simply counted how many workers they had employed, and provided the appropriate compensation to the KRG. Another respondent noted that they did not keep close track of how many people they employed, so they approximated how many local employees they had hired. Companies that were actively involved in a project towards the middle to end of my research timeframe, contributed to each individual employee's social security package. The employer had to declare the payroll information and actively pay into the SSPC on a monthly basis for employees with formal contracts. However, it was apparently difficult to track daily laborers, as they were often not hired under a contract. Aykut Altin, from Enka Construction, commented, "Enka pays into the social security program of the KRG for its Iraqi Kurdish employees. The required amount is less when compared to the Turkish social security program. Enka always reviews and complies with the local regulations e.g. paying into social security at the start of the project" (Altin Aykut, Enka Construction, 2014, Interview, Facetime).

According to an expert on KRI social security and pension laws, despite the progress made on establishing a framework, challenges still exist concerning the "lack of an Information System to enter data electronically rather than the paper based system, the lack of sufficient inspection teams to ensure companies and employees comply with the laws and regulations. The continued existence of a mindset, based on the old socialist model, that the government should provide economic security for citizens either by

government handouts or by allocating civil servant positions, which entitles an employee to benefits after they retire” (Anonymous Tax Expert, Tiller, 2014, Interview, Telephone). An overwhelming majority of respondents indicated that the lack of an automated system made it difficult to contribute to the program. Respondents noted that establishing a modern and user-friendly automated social security system would encourage younger generations to seek employment with the private sector. One respondent noted that employees had to keep their pay stubs to prove their work history. Another respondent commented that not all local employees wanted to contribute to social security, as they did not have the disposable income to do so, nor did they trust the system.

3. Public and private sector employment, wage employment, and self-employment

Very few respondents commented on whether there was an increase in public and private sector employment, wage employment, and self-employment. Renas Elci, from Renas Company, commented, “The project we worked on contributed to this strategy because in the beginning of our work in the region the wages were low compared to the wages in developed countries, but over time the wage scale had tripled” (Renas Elci, Renas Company, 2014, Interview, Ankara). Elci also noted that some individuals had to rely on self-employment in certain rural areas due to the lack of industry and jobs. Timucin Onogur, from Sa-Ra Energy, noted, “Yes, projects that have been implemented impacted the public sector and the private sector” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). Onogur expanded his comments by saying, “Taking into consideration the subcontractor teams and other local people employed in the scope of the project, an impact on the employment during the execution of the project may be considered. Furthermore, the KRG Ministry of Energy contributed directly to an

increase in employment by employing people for the operation and maintenance of the system. Also, the development of the energy system indirectly contributed to employment in other sectors, because they also developed in parallel to the energy supply” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara).

4. Rehabilitation and diversification of the agriculture sector

Since the early 2000s, the KRG strived to reinvigorate the agriculture sector (UNDP, 2012, KRG, Ministry of Agriculture and Water Resources 2010, University of Salahaddin 2007, USAID 2006). According to the KRG Board of Investment, “the Kurdistan Region features more than 1.5(ha²) hectares of arable land, a great abundance of water resources, a qualified workforce and a pleasant climate” (KRG Board of Investment, 2012, 4). Only one respondent provided comments on whether their project contributed to the rehabilitation and diversification of the agriculture sector. Timucin Onogur, from Sa-Ra Energy, noted, “Since energy is used in irrigation, it is assumed that it will improve agricultural rehabilitation” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). As was mentioned in previous sections of this dissertation, the agriculture sector was neglected in the past in large part due to decades of war and abuse in Iraq and the KRI. The lack of proper rehabilitation and diversification of the agriculture sector reflects the urbanization of the KRI due to war, immigration, dislocation of the rural populace, and concentration of jobs, services, health care, and education in major cities. “Today however, the Kurdistan Region is largely dependent on food imports from various countries in the greater Middle East and beyond” (KRG Board of Investment, 2012, 4).

5. Infrastructure recovery and restoration of access to basic services

Since the end of the United Nations sanctions and overthrow of the Saddam regime, rehabilitating existing and constructing new infrastructure was the key to economic recovery. The KRG emphasized ensuring the electrical power generation grid was functional so that the oil industry and almost every other aspects of modern life could return to normal productivity. The Hawler International Airport was modernized and linked the KRI with regional and international communities, and to bypass land corridors which were under threat by terrorist attacks. Key roads, bridges and tunnels were reconstructed or constructed to facilitate economic recovery and military defense needs. The construction of schools, universities, hospitals, clinics, water systems, sewage facilities, and housing directly supported human development, a healthy population, and sheltered citizenry. Government investments in infrastructure were designed to enhance human security needs while relying on foreign direct investments to privately fund infrastructure efforts, such as housing, hospitals, schools, and shopping centers. Much of the FDI supported new developments such as: construction of pipelines to transmit oil and gas to foreign consumers, creation of essential support roads, electrical power and procurement of training skilled workers - all were necessary for private oil industry firms to conduct their exploratory, extraction and export activities. Some respondents indicated that there were projects which directly contributed to infrastructure recovery and restoring access to basic services, such as wastewater management projects and electricity energy distribution lines. Other respondents noted there were projects, such as Sulaimani University, that likely had an indirect impact, as the KRG issued infrastructure recovery, and restoring access to basic services, in conjunction with international private sector activities.

Projects that directly contributed to infrastructure recovery and restoring access to basic services

Yasar Giregiz stated that the project Fernas-Kalyon-STFA undertook directly contributed to infrastructure recovery and restoring access to basic services by, “upgrading an existing water treatment plant and by expanding the existing water supply network” (Yasar Giregiz, Fernas Construction, 2014, Interview, Ankara). Regarding the same project, Tahsin Bagci, from STFA Construction, noted, “This project consists of extending the existing Erbil water supply network and also upgrading the network with new lines in Erbil and Dohuk” (Tahsin Bagci, STFA Construction, 2014, Interview, Istanbul). Furthermore, Halil Dilek noted, “This project provides a basic necessity to local people, water. Local people see our project as essential. The KRG even recently asked us to extend the water supply in Erbil so that more people may benefit from the water project” (Halil Dilek, STFA Construction, 2014, Interview, Istanbul).

The Kora-Shaqlawa-Qandeel highway project, a 51-kilometer highway, as well as two major tunnels, significantly improved the transportation links of a crucial trade route for the region. Cuneyt Karacasu, noted, “The section of the highway that we are constructing is on the way to Iran, and the existing single carriage highway is not sufficient to carry the traffic load between the Kurdistan region and Iran, which enables most of the trade from Iran” (Cuneyt Karacasu, Yuksel Construction, 2014, Interview, Ankara). 77 Construction and Contracting Company directly contributed to infrastructure recovery by “providing an upgraded highway and bridge for people to cross a major body of water” (Suleyman Ciliv, 77 Construction and Contracting Company, 2014, Interview, Istanbul). According to Timucin Onogur, “As a result of

this project the quality and sustainability of the utilized electricity has increased. Since energy is used in agriculture, irrigation, communication and industry the project has an indirect impact on infrastructure recovery” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara).

The Erbil Combined Cycle Power Project aimed to be the first combined cycle power plant to provide approximately 25 percent of the power demand of the KRI. This project is important to ensure the KRI becomes self-sufficient and electricity becomes more frequent, widespread, and reliable. According to Aykut Altin, from Enka Construction, the Erbil Combined Cycle Power Project, “directly contributes to infrastructure recovery and restoring access to basic services by providing electricity” (Aykut Altin, Enka Construction, 2014, Interview, Facetime). Furthermore, Altin, commented that, “The KRG is in need of a lot of power to produce electricity, therefore, the KRG has other projects besides this one to meet the needs of its people” (Aykut Altin, Enka Construction, 2014, Interview, Facetime). Towards the second half of the research timeframe, infrastructure including electricity and power supply came under great stress from the increase in IDPs and refugees who sought sanctuary in the KRI (World Bank 2015a).

Commenting on the Park View project, a mixed residential and commercial complex built for the new rising middle and upper class, Bilal Guzel, from Ilci Holding, noted, “With the intelligent systems that have been designed in our project, the sources of the major necessities which will have been used economically and thus infrastructure will be recovered and restored” (Bilal Guzel, Ilci Holding, 2014, Interview, Facetime). Affordable housing was still difficult to acquire, leaving many young people struggling

to find an apartment to rent, let alone purchase. High-end housing complexes were not suitable for the average citizens of the KRI; rather, only a very small minority were able to afford large amounts of up-front cash payments, or were credit worthy. Regarding the construction of the University of Sulaimani, a respondent from Tepe Construction, noted, “Undertaking such a big and strategic project in the region is a contribution in building the country and a direct contribution in providing a better educational environment. The project is appreciated by both the public and the government administrations” (Anonymous associate, Tepe Construction, 2014, Interview, Ankara).^{viii}

Projects that indirectly contributed to infrastructure recovery and restoring access to basic services

The construction of Sulaimani University appeared to have had an indirect impact on infrastructure recovery and restoration of access to basic services. The KRG constructed additional support infrastructure, such as major roads, electricity lines, and water systems surrounding the campus. Arslanoglu noted, “the local government also built offices for the Police Department and Fire Department to support the university community” (Ali Arslanoglu, Tepe Construction, 2014, Interview, Ankara).

6. Dismantling of a war economy and illegal economic networks

It was apparent that the majority of respondents were uncomfortable to comment on whether or not their projects had an impact on the dismantling of a war economy and illegal economic networks. Only one respondent, Timucin Onogur, from Sa-Ra Energy, indicated that the project did not have a substantial impact, “but contributed” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara).

7. Expansion of opportunities for people through training, skills development, and empowerment

Over the past few decades, the economy shifted from a reliance on the agriculture sector to an overdependence on oil exports as the region's main source of revenue. Destruction of rural villages and the agricultural system in the KRI, by the Saddam regime, and subsequent flight of rural populations to sanctuaries in neighboring Iran and urban centers, such as Baghdad, Erbil, Dohuk, and Sulaymaniyah, resulted in the collapse of the agriculture sector as an important employer. Due to the Iraqi tradition of state-owned enterprises, and the influx of shared oil revenues from Baghdad, the KRG became the largest single employer with more than half of the employable population working as civil servants (KRG, Ministry of Planning, 2013). The investment in basic, secondary, and post-secondary education was critical to socioeconomic growth since a generation of students lost the opportunity to learn in formal educational settings due to war, the UN and Saddam Hussein embargoes, collapse of the Iraqi state and terrorism. Due to the aforementioned challenges, a trend emerged which saw young workers seek secure and relatively easy government and service industry jobs (Anthony, Hansen, Kumar, Shatz and Vernez 2012, Lister, 2014) A SEM report indicated, "Approximately 70%-75% of the KRG budget was used to pay the salaries of civil servants" (SEM 2012, 20). Workers appeared ready for employment, but many international employers, including many of the companies from Turkey surveyed for this research project, reported that workers from the KRI, both secondary and post-secondary graduates, were unprepared or lacked the experience necessary for employment in the private sector (Kalkan 2011, 7). Respondents indicated secondary school graduates lacked the necessary technical and communication skills required by the private sector, and post-secondary graduates lacked practical work experience. A Rand assessment undertaken for the KRG Ministry

of Planning pointed out that employers perceived workers with post-secondary education needed “practical technical experience” (Shatz et al. 2014, 33). Over the last decade, the labor market in the KRI experienced a burgeoning youth population, high unemployment, high public sector employment, small to medium-sized enterprises (SMEs) vulnerable to economic shocks, scarce apprenticeships and internship programs, and weak job placement systems.

Many respondents indicated that the companies they represented expected to hire managers, technicians, and workers ready to perform the functions associated with established job descriptions. Oftentimes, the salary and benefit packages for the KRI workers were lower than that of the Turkish workers, so we would expect the KRI workers to be the first hired, if qualified and if the Turkish company wanted to cut costs. However, studies, together with the data collected from interviews, found that many international employers found a considerable percentage (upwards of 40 percent) of KRI secondary school graduates inadequately prepared for work (Shatz et al. 2014, 25). To address human capital demands, international development agencies, such as the Korea International Cooperation Agency, the Japanese International Development Agency, and the UK National School of Governance provided training for government employees in areas, such as administrative data management, administration statistics, auditing, environment policy, firefighting and prevention, quality assurance, personal computer maintenance, water resource development and management, and women’s health and rights (KRG, Department of Media and Information 2009, KRG, Ministry of Planning 2009). These trainings were organized, in part, to ensure public sector workers could compete for employment in the private sector as the KRG plans to phase out public service jobs in the future.

Respondents provided an array of insight on their project's contributions to the expansion of opportunities for people through training, skills development, and empowerment. The main themes that emerged from interviewees were: providing a structured training component for employees; supervised on-the-job training; employees job-hopping; employment continuity; and training via internship and site visits.

Structured training component for employees

It was apparent that companies which perceived their operations in the KRI as either crucial to their company's success, or undertook highly sophisticated projects, such as the Hawler Airport in Erbil, the Park View mixed-residential and commercial real estate project, the Erbil Cultural and Convention Center, the Energy Electricity Distribution Project and the Erbil Combined Cycle Power Project, provided structured training components for local employees. Because the construction and operation of the Hawler Erbil Airport required a diverse group of workers, including those that performed hard labor tasks, engineers, and those with sophisticated understanding of how to manage an airport after the completion of the project, Makyol Construction worked closely with the KRG to provide structured training to essential personnel. Timucin Onogur, from Sa-Ra Energy, indicated that a "substantial amount of training was given to the KRG-Ministry of Energy personnel, both on-site and abroad at various factories, including ours as part of the project" (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). The majority of respondents rated knowledge of English or Turkish language skills as one of their highest priorities for professional workers with post-secondary educations, precisely so the workers could attend/participate in off-site and out of country training (RAND 2014, 34-35). Bilal Guzel, from Ilci Holding, noted that employees were given

training on safety requirements by the company's Safety and Health Department (Bilal Guzel, Ilci Holding, 2014, Interview, Facetime). Aykut Altin, noted, "Enka has been training Iraqi citizens who work for the client, Mass Group Holding that will manage the project once it is complete for the last six months. Representatives from Enka traveled to Erbil three years prior to the start of the Erbil Combined Cycle Power Project to help train the team that eventually worked on the upgrade project" (Aykut Altin, Enka Construction, 2014, Interview, Facetime).

On-the-job training

Some respondents commented that instead of providing structured training components, the companies they represented expected local unskilled employees to learn the desired expertise and knowledge through supervised on-the-job training. Projects, such as the Qandeel Bridge, and approaches Highway, built by 77 Construction and Contracting Company, the Kora-Shaqlawa-Qandeel highway project, built by Yuksel Construction, the Erbil Culture and Convention Center built by Yenigun Construction, and the Water Supply Improvement Project, built by Fernas-Kalyon-STFA, all paired local, unskilled employees with expat employees to learn the required skills through on-the-job training. One respondent noted that rather than providing formal training, the company assumed that required job skills would naturally transfer from their unskilled, yet knowledgeable, Turkish expat workers to locally hired unskilled co-workers. On-the-job training was successful because the local workers were eager to learn skills that they knew would help them advance in their companies and the job market in general (Ali Arslanoglu, Tepe Construction, 2014, Interview, Ankara). Bilal Guzel, noted, "We are working with people from different professions in the construction industry. Employees, over time, develop and begin to master" (Bilal Guzel, Ilci Holding, 2014, Interview, Facetime)

their respective positions. One respondent commented that when the company he represented first began working in the KRI, the knowledge gaps between local unskilled and skilled workers with that of their expat counterparts were significant. He further noted that as time passed, the knowledge gap decreased as the expertise of the Iraqi Kurds increased as a result of on-the-job training. Some respondents noted that they preferred supervised on-the-job training, rather than investing in formal professional development programs, since it was highly likely employees would resign soon after acquiring further skills.

Job-hopping

Respondents noted job-hopping as a concern, for both skilled and unskilled employees, and for recipients of both structured training programs, and on-the-job training. Respondents indicated that local employees were more inclined to take advantage of better job openings, and resign from firms that had hired them and had provided professional development opportunities as soon as they learned a marketable skill. One representative noted that once some of their local skilled workers gained qualifying experience, they went to work for competitors or the government. Another representative noted that even members of a government-organized project management team left their positions for better job opportunities once they had completed a private sector training program.

Employment continuity

Respondents remarked it was imperative to enhance employment continuity among personnel in the KRI. One respondent noted that there was a continuing need for knowledgeable and skilled workers, such as architects, engineers, and technicians, during the project construction phase, and then during subsequent daily operation of

facilities, such as airports, dams, shopping malls, universities, or power generation stations. Therefore, many of the skilled project team members were retained because they knew the ins and outs of the project, and were deemed essential personnel for its continuing operation.

Training via internship and site visits

At the beginning of the timeframe of this research project, the construction methods used in the KRI were often not as sophisticated or advanced as the methods used in Turkey. A few respondents indicated that developing robust apprenticeship programs for secondary school graduates would provide the skills required by the private sector. Internships, traineeships, and site visit programs would enhance the students' understanding of international management styles, materials, and construction methods. A few respondents indicated that the companies they represented provided informal training opportunities for people living in the KRI and that most of them were arranged through personal contacts with an administrator or teacher at a nearby school. Ilci Construction frequently invited students from the engineering and architecture departments of local universities to intern on the Park View project. At the Erbil Culture and Convention Center, mostly architect and engineering students regularly visited the worksite to learn various construction techniques that Yenigun Construction utilized on the project (Erdal Yenigun, Yenigun Construction, 2014, Interview, Istanbul). Aside from the training programs that the Ministry of Natural Resources established, the KRI was also in need of formalized college internship programs with businesses, so students could receive the practical experiences that large employers desired of their professional employees (KRG, Ministry of Planning 2013, 73, Shatz et al. 2014). Enka Construction's in-house training program invited a hundred students to intern on

projects in both Turkey and abroad each summer including Erbil (Aykut Altin, Enka Construction, 2014, Interview, Facetime). This program was a good example of how the KRG could promote apprenticeship programs with the private sector.

8. Development of productive activities for ex-combatants, returnees, and impoverished groups

The majority of respondents were uncomfortable to comment on whether or not their project had an impact on the development of productive activities for ex-combatants, returnees and impoverished groups. Timucin Onogur, noted, “Among the subcontractor teams, people from those groups were employed but not evaluated in detail” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). A respondent from Tepe Construction commented, “Yes, this project contributed to social renewal of the region providing better higher education facilities and environment” (Anonymous Associate, Tepe Construction, 2014, Interview, Ankara). There appeared to be no intentional programs to ensure the private sector addressed the specific needs, or provided job opportunities, for individuals from these groups. However, since a high portion of the population experienced dislocation, or had served as soldiers during the Saddam regime, it was highly likely that ex-combatants, returnees, and impoverished groups benefited from human capital development.

9. Provision of microfinance opportunities

During the timeframe of this research project, it was difficult for new local businesspersons in the KRI to acquire a loan without previous credit history or property for collateral. Therefore, as part of strategies to eradicate poverty alleviation and promote socioeconomic development, the KRG attempted to attract microfinance

opportunities for SMEs who had limited or no access to microfinance (USAID 2011). In 2007, the KRG, in partnership with Global Communities, launched an international development and humanitarian aid organization, called the “Bright Future Foundation,” an NGO geared to providing opportunities to learn about how to develop business plans, administer loans, collect debts, and manage finances. Global Communities launched the Access to Credit Services Initiative to finance loans to entrepreneurs and home-owners to advance their livelihoods or develop their businesses. The Iraq Middle Market Development Foundation was mandated to give loans to large and promising companies of up to \$5,000,000 (CHF International 2008, 19). The Iraqi Microfinance Network served as an online portal to share information on the microfinance industry and potential opportunities in the region. The Overseas Private Investment Corporation, the U.S. government’s development finance institution, likewise provided countrywide support to microfinance institutions and borrowers. According to Peter Batchelor, UNDP’s Country Director, “Limited access to institutional finance is found to be one of the key constraints to private sector growth in Iraq. A stronger private sector, able to provide jobs for the Iraqi people will ultimately contribute to Iraq’s welfare and poverty alleviation” (Iraq-Business News 2012). No respondents commented on the provision of microfinance opportunities.

10. Clarification of property rights

It was difficult to acquire detailed information related to the KRG’s framework to clarify property rights (Heritage Foundation, 2014). Most of the public material stressed the availability of free or inexpensive land to utilize for agriculture, industry, and housing, rather than the clarification of property rights. One government report simply stated, “We will also review other aspects of land use in the Region so that we may

ensure that agriculture, industry, housing, and all other sectors have sufficient and appropriate land available” (KRG Ministry of Planning 2013, 34). Therefore, a considerable amount of information in this section was collected by interviewing representatives from the private sector and experts familiar with the KRG’s operations. Only a few respondents indicated that their project had an impact on the clarification of property rights. Some respondents indicated that it appeared there was adequate protection of property rights for the private sector. Giregiz, STFA, noted, “It is a government investment project” (Yasar Giregiz, Fernas Construction, 2014, Interview, Ankara), inferring that property rights were clarified; whereas Cetin Dayioglu, simply noted, “Yes it [property rights] has been clarified” (Cetin Dayioglu, Makyol Construction, 2014, Interview, Istanbul). Commenting on whether property rights were clarified because of Yuksel’s Kora-Shaqlawa-Qandeel Highway project, Cuneyt Karacasu noted, “I think so, because some obstacles like buildings, gardens, etc., were allowed for our access after the government solved the property rights issue, which really took some time” (Cuneyt Karacasu, Yuksel Construction, 2014, Interview, Ankara).

Housing and the private sector in the KRI

In 2010, the KRG enacted a strategic development plan for all infrastructure projects in the region, and has since focused on two different models for housing: private sector investment and government investment. The process for awarding private sector versus public sector housing projects differed greatly. For instance, private sector housing projects were typically unsolicited and did not have to go through a formal tender process. Rather, they were considered investment projects where a company submitted a proposal for approval by the KRG. Public housing and other public infrastructure projects were awarded through a formal tendering process. The Ministry of Housing and Reconstruction, the Ministry of Finance and municipalities are the main government bodies responsible for overseeing the construction of roads, housing projects and all other public service buildings and distribute state land (Faraj, 2014). Under Law No. 7, public housing units were built for people with limited incomes, and included the construction of sanitation and electricity systems and roads (Zebari, 2013a). For limited low-income housing, the budget was \$42 million in 2011; the budget increased to \$172 million in 2012, and remained the same in 2013 (Invest in Group 2013b, Mumtaz 2009). Regarding the clarification of property rights, Bilal Guzel noted, “Yes. Title Deed is not very common here, that is why this period is moving very slowly. We will deliver phase one of the Park View complex and hopefully we will also be given the title deeds over the next few months” (Bilal Guzel, Ilci Holding, 2014, Interview, Facetime). It was unusual for title deeds to be given to clients before the entire property was paid for in full. However, apparently, towards the end of the research timeline, the KRG lifted restrictions on the requirement to acquire the title deed, and, as Guzel mentioned, started to allow clients to receive the title deeds once a certain percentage of the total amount was paid.

Land and the private sector in the KRI

According to a USAID study, there were three main land tenures in Iraq and the KRI region: “(1) private ownership, in which the landowner has the right to buy and sell land and to raise capital against the value of the land; (2) land leased from the government on a long-term basis; and (3) inherited land, which has been passed from generation to generation but frequently results in an unmanageable number of owners” (USAID 2008, 15). One of the main challenges facing the clarification of property rights was how land was zoned in the KRI. Discussing the acquisition of land for the private sector, Timucin Onogur, noted, “KRG-Ministry of Electricity executed land acquisition and access to the site prior to start of the project. However, in some areas, landowners objected, claiming that the money paid to them for land acquisition was insufficient; however, Ministry of Electricity staff solved all of these conflicts, because we were not involved in such work. For some parts of the line within cultivated areas, we negotiated and agreed with landowners, if there are crops on the route that would be damaged, we then bought their crops and paid them for their losses. It was done smoothly and without any problem” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). One representative noted that the KRG needed to initiate legal reforms and streamline the process of land titling and the sale of land. A considerable portion of land originally zoned for the agriculture sector was re-zoned for non-agro purposes because of the expansion of the infrastructure and industry of the KRI (CIPE). Although this might not pose a problem for the current status of the agriculture sector in the short-term, it raises concerns about the ownership and usage of land in the long-term.

11. Macroeconomic development and job creation

During the 1980s, Iraq was a net creditor, as well as a donor country, and was considered as one of the region's most advanced economies (Jiyad 2001). Robert Looney noted, "Per capita annual income was around \$4,000 and with a growing middle class and the start of a modern industrial sector, the country was poised for take-off to high-sustained growth" (Looney, 2003b, 60). However, the negative effects of the Iraq-Iran War, the prioritization of government spending on the security forces, the long deterioration of major industries, Saddam's incompetent economic liberalization program, Iraq's invasion of Kuwait, and the United Nations sanctions and subsequent chaos after the U.S.-led invasion of Iraq all served to cripple the economy (Alnasrawi 1986, Alnasrawi 2001, Donovan 2011, Neff 1991). Jim Lacey noted that by the time of the U.S.-led invasion in 2003, "Industry has ceased to exist and unemployment may be as high as 50 percent. The agricultural sector is in complete disarray, leaving more than 60 percent of the population to rely on the United Nations Oil-for-Food Programme. About 40 percent of the nation's children are suffering from malnutrition" (Lacey 2003). The income gap had become more apparent, as it "was further widened as a result of the failure of the government to continue to provide the social services which it had traditionally supplied freely to lower income groups" (Graham-Brown 2000, 11). The strain on the people had become increasingly difficult, as access to basic resources was inadequate. Clean drinking water was scarce and the generation of electricity lagged. The banking system disappeared, and Iraq had accrued massive foreign debts, war reparations, and outstanding contractual arrangements (Looney 2003b, 60, Economist 2003, Barton and Crocker 2003).

During the timeframe of this research project, the KRG focused on three main areas to ensure economic development stayed on track: provide a stable and secure environment for business to operate; develop the infrastructure of the region, both physical and human; and establish a liberal business environment to expand energy development, and encourage private sector development in the KRI (Invest in Group 2013c, 23). Many respondents noted that their projects had contributed to macroeconomic development in the region. Cuneyt Karacasu, noted, “As usual, we are trying to employ the local people as much as possible; therefore, some of our employees, usually unskilled, are locals, and this may be a contribution. We utilized local resources for food, fuel and car rentals, which all might be contributions to economic development as well” (Cuneyt Karacasu, Yuksel Construction, 2014, Interview, Ankara). Regarding Tepe Construction’s involvement in the development of Sulaymaniyah University, “We contributed to economic development of the region by employing a large number of local staff, procuring many kinds of construction products and other goods from the local market, and by providing employment opportunities even after the completion of the project” (Anonymous Associate, Tepe Construction, 2014, Interview, Ankara). Ali Arslanoglu, further noted, “After the university project began, the KRG started to rehabilitate the major roads surrounding the university and small shops that catered to students and the university staff opened. A considerable amount of the project budget was spent on local companies, thus contributing to the local economy” (Ali Arslanoglu, Tepe Construction, 2014, Interview, Ankara). The Park View project combined residential and commercial complex provided employment opportunities for the indigenous workforce and subcontractors in the region. According to Timucin Onogur, from Sa-Ra Energy, the Electricity Distribution project, “increased the quality and sustainability of electricity in the Dohuk district and surely contributed to economic

development of the area, since energy is the basic input for all sectors” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). Renas Elci, noted, “Yes, the project contributed to the economic well-being of the community” (Renas Elci, Renas Company, 2014, Interview, Ankara).

In addition to the contribution to macroeconomic development in the region respondents indicated their projects supported job creation. Furthermore, respondents observed the influence of the standardization of customs regulations on business activities, the development of the banking and finance sector, and the impact of projects on the local economy once they were complete.

Customs regulations

Respondents mentioned that customs problems were rampant prior to the standardization of customs regulations for Iraq including the KRI. The Investment Law, approved in 2006, No. (4) stipulated, “An Investor may, under the provisions of this Law, import all his Project’s needs, including the equipment and machinery. Such imports shall be exempt from all customs duties as they cross the Region’s borders, provided that they are used exclusively for the Project’s purposes” (KRG, Law of Investment 2006, KRG, Board of Investment 2012). In May, 2011, the Pre-Import Inspection, Testing and Certification Program of Goods into Iraq (ICIGI) extended to the KRI and, on January 15, 2012, the Certificates of Conformity required the inspection of goods at the KRI land and air entry points (Bureau Veritas Data Sheet). Until the KRG made an agreement with Bureau Veritas to implement the program, the Kurdistan Standardization and Quality Control Administration was the main body that oversaw customs regulations and the importation of goods to the KRI. Several respondents

commented that the companies they represented benefited from the establishment of liberal and standard customs regulations for foreign companies. Some respondents indicated that prior to the standardization of customs regulations they had experienced longer delays at the Habur-Zakho border crossing because it was up to the discretion of customs officials which trucks and goods to inspect. Now, according to respondents, due to the pre-inspection process, corruption and abuse of the system at the air and land border crossings are less rampant. Still, some respondents expressed concern that the pre-inspection process itself might become corrupt as there are only a few companies that have the authority to determine what items require pre-inspection assessments.

Banking and finance sector

During the timeframe of this research project, despite the significant progress of the private sector, the KRI still lacked a modern banking and finance system to replace a largely cash-based economy. The Ministry of Planning Director of Quality Control for Gold noted, “Given the weak banking sector in the Region, as well as the lack of a market for securities, stocks, and bonds, citizens have no options for storing and saving money, other than buying gold and keeping it in their homes” (Zebari 2013b). During the years of 2004-2009, the number of private banks increased from 16 to 24 banks, which “raised the size of their capital to about ID 2,012.280 billion by the end of 2009” (KRG, Ministry of Planning 2011).^{ix} The banking sector received 16.67 percent of the economy’s overall capital investment. Five major Turkish banks were approved by the Banking Regulation and Supervision Agency to open branches in Erbil: Ziraat Bank, Vakifbank, Is Bank, Al-Baraka Bank, Bank Asya (Today’s Zaman 2011).

Respondents who worked on projects at the beginning of the research timeframe commented that they had severe problems receiving and sending funds due to the lack of a sophisticated banking sector. According to Cetin Dayioglu, Makyol Construction, at the time of the development of the Hawler International Airport, it was difficult to send funds from the KRI to Turkey, because there was no viable banking structure in the KRI. Erdal Yenigun, Yenigun Construction mentioned, “At the beginning of the project, the banking sector in northern Iraq, was underdeveloped. Yenigun Construction had difficulty figuring out the safest way to transfer payments to Turkey” (Erdal Yenigun, Yenigun Construction, 2014, Interview, Istanbul). Most respondents indicated that the companies they represented operated on a cash basis or utilized an informal wiring system.

Most of the respondents who undertook projects towards the later portion of the research timeframe indicated that there were inconsequential challenges regarding the banking and finance sector in the KRI. Cuneyt Karacasu noted, “Yuksel gets paid through a local bank and then is able to wire funds to a bank in Turkey” (Cuneyt Karacasu, Yuksel Construction, 2014, Interview, Ankara). Karacasu further mentioned, “Yuksel gets paid in USD because the project is in USD. Yuksel pays local staff in the local currency, the third country staff in USD, and the Turkish staff in Liras based on the exchange rate at payday” (Cuneyt Karacasu, Yuksel Construction, 2014, Interview, Ankara). It was apparent that basic retail banking had expanded in recent years, however, more sophisticated consumer banking, private banking and commercial banking were still undeveloped in the KRI. Aydin Toprakli, noted, “It is a challenge to work with banks in the region because they are very cautious and do not give credit very easily” (Aydin Toprakli, Kalyon Construction, 2014, Interview, Istanbul). Therefore, Turkish

companies often acquired capital or loans from banks in Turkey or third countries such as the United Arab Emirates.

Impact on the local economy

Another theme that emerged from the interviews was that respondents believed their projects had a positive impact on the local economy after the project was completed. Ali Arslanoglu, asserted, “The University we built has continued to benefit the local economy by providing employment opportunities even after the completion of the project. Many of the former personnel such as architects, engineers, and technicians who worked on the project were hired because they knew how to maintain and operate the university campus” (Ali Arslanoglu, Tepe Construction, 2014, Interview, Ankara). Major infrastructure projects, such as the Water Supply Improvement Project in Erbil and Dohuk; Hawler International Airport in Erbil; and the Electricity Distribution Project, all needed skilled workers to maintain the upkeep of the sites and manage daily operations, which in-turn had a lasting impact on job creation.

Companies who assumed projects towards the beginning of the research timeframe (2004-2008), appeared to not have had as much of an impact on the local economy as compared to more recent projects. As was mentioned earlier in this dissertation, under the Saddam regime, and due to economic sanctions, the KRG lacked access to finance, capital and the international market to purchase critical items needed to undertake large infrastructure projects. Therefore, after the U.S.-led invasion of Iraq in 2003, most of the materials that were used in early infrastructure projects were brought in from Turkey or other neighboring countries. Regarding the Erbil Culture and Convention Center, Erdal Yenigun, from Yenigun Construction, commented, “The majority of the materials

were trucked in from Turkey as there were few local companies who could supply the necessary materials at that time. Approximately 470 trucks were used over the course of the project” (Erdal Yenigun, Yenigun Construction, 2014, Interview, Istanbul). Regarding the Qandeel Bridge and approaches highway, 77 Construction and Contracting Company, transported large machinery such as cranes on trucks from Turkey to the KRI. TemSA exported machines that were not available and were required for construction projects in the KRI. Turkish export companies that delivered equipment to the KRI were not required to pay tax on the items if they were to be utilized on an approved project site.

Companies who commenced projects in the middle to the end of the research timeframe (2009-2014), most likely had more of a positive impact on economic development. Although the majority of respondents indicated they still purchased a significant amount of material from Turkey they also acquired materials from the local economy, and/or hired local subcontractors to perform specific duties for the project. Ali Arslanoglu, noted, “Most of the finishing materials were imported from Turkey and small amounts of materials were imported from Iran. Tepe Construction also bought materials from local companies who had previously imported the goods from Turkey. Food was procured from local markets. Construction materials, such as cement, were purchased locally. Many of the subcontractors who performed structural and/or finishing work were local Kurdish companies” (Ali Arslanoglu, Tepe Construction, 2014, Interview, Ankara). Furthermore, “The new campus has greatly contributed to the local economy. Many small companies, such as service buses, taxis, and restaurants opened to serve the university community” (Ali Arslanoglu, Tepe Construction, 2014, Interview, Ankara). Yasar Giregiz, noted there was an impact on the local economy as the project team

worked with “local suppliers of rental equipment” (Yasar Giregiz, Fernas Construction, 2014, Interview, Ankara). Suleyman Ciliv, noted, “77 Construction and Contracting Company contributed to the development of the local region because previously there was no industry where the construction site was located” (Suleyman Ciliv, 77 Construction and Contracting Company, 2014, Interview, Istanbul). Ilci Holding worked with different types of subcontractors. The main subcontractor was responsible for managing the personnel for the construction site, and providing them with accommodation and food; whereas, another subcontractor led the training component for professional employees. Ilci Holding also worked with subcontractors for specific tasks or procuring products, such as wooden doorframes, tile panels, paint and other materials. It was also apparent that companies who undertook projects in the KRI towards the end of the research timeline conducted detailed market analyses about what products and services could be procured locally before entering the market.

Job creation

The labor force within the area governed by the KRG changed dramatically over the last three decades (KRG Regional Statistics Office 2012, KRG Regional Statistics Office 2013). Previously, the labor market consisted of a sizeable agricultural sector and rural population, but that changed in the 1980s when the Saddam regime destroyed approximately 4,000 rural villages and forcibly relocated hundreds of thousand Kurds from their farms into resettlement centers. Many Kurds became refugees and fled to Iran, Turkey and Europe, while others remained internally displaced persons, and sought sanctuary in urban centers where some social services and job opportunities were available (McDowall 1996b, 28). Data on employment is varied depending on which resources one reviews. For instance, international development agencies generally

indicate that the unemployment rates are higher than data provided by Kurdistan Region Statistics Office. The SEM report indicated, “The unemployment rate in the KRG area varies between 30 percent and 80 percent, depending on how it is computed” (SEM 2012, 22).

During the timeframe of this research project, many people living in the KRI did not have the professional qualifications and experience needed to ensure their competitiveness and employment in the international private sector. A RAND study found that “of all the jobs in the region, only 20 percent are wage-paying jobs in the private sector” (Anthony, Hansen, Kumar, Shatz, and Vernez 2012, 3). Therefore, an effort to move the economy toward private sector employment will presumably take time. The KRG launched a series of initiatives to universalize education to bridge the gap in human capacity. In 2007, the KRG raised the compulsory school level from grade 6 to grade 9. The number of post-secondary education institutions expanded, and the enrollment in both two-year and four-year higher-education institutions increased. A recent RAND study projected that, “from 2012 to 2020, approximately 85,000 people (9,500 annually) will enter the labor market immediately after leaving the education system with two-year secondary degrees” (Shatz et al. 2014, xiv). Furthermore, the RAND study projected that “in the same period, approximately 130,100 people (around 14,500 annually) will enter the labor market immediately after leaving the education system with four-year post-secondary degrees” (Shatz et al. 2014, xiv). The focus on improving education sector created an opportunity to positively impact future labor market entrants as they developed the skills necessary to compete in a growing private sector.

Several initiatives were established to stimulate job creation and reduce unemployment over the past few years. There were private sector programs, such as “MSelect,” government programs, such as “Kurdistan Works” and “Jobs for Everyone Programme” and NGO-development initiatives, such as the USAID Foras program (Foras).^x Occasionally, private sector initiatives, such as MSelect collaborated with NGOs, such as the Danish Refugee Council, to conduct a Foras training programme. According to Toon Bijmens, an expert in the field of employment creation, MSelect, “also set up a job seekers program, which is mostly geared towards providing humanitarian support, but it also targets host-communities. I am sure many of the IDPs the project targets are well educated” (Toon Bijmens, Iraq Civil Society and Solidarity Initiative, 2014, Interview, Skype). Toon Bijmens, further noted, “the USAID funded “Foras” program, which besides advertising vacancies offers courses in several fields. Foras built relations especially with smaller companies/enterprises to gather employment information and to get approval to post vacancies on their website. This has not been easy, mostly since employers are not used to using the internet to find job seekers and companies with less than 10 employees prefer to give jobs to people within their own family circle” (Toon Bijmens, Iraq Civil Society and Solidarity Initiative, 2014, Interview, Skype). Foras also organized a few job fairs per year with partner institutions in Iraq, including the KRI, the most recent of which was organized by American University in Sulaymaniyah. MSelect also conducted a Foras program to provide training in employability and specialized skills. One may question the long-term impact, since a course typically lasted only two-four days or was offered through the Internet. Therefore, the value of such a certificate is very little compared to a University degree or years of professional experience. Toon noted, “I feel this is mostly about getting a certificate as quickly as possible. However, a certificate is not always sufficient for a company who is looking

to hire someone” (Toon Bijmens, Iraq Civil Society and Solidarity Initiative, 2014, Interview, Skype). In 2011, the Ministry of Labor and Social Affairs launched an initiative called, “Jobs for Everyone programme,” and “expected to create around 3,000 business opportunities for companies in the private sector over the next three years” (Doosky 2001), by pairing unemployed graduates of colleges and vocational institutes with private sector jobs. The KRG offered to provide 150,000 Iraqi Dinars (around \$135) to business owners for each job they created.^{xi} In 2013, the Prime Minister’s Office launched a website called “Kurdistan Works” to pair job seekers with employers in the private sector, provided tips and guidance on how to create resumes, how to apply for open positions, and listed the benefits of working in the private sector. In addition, the website also aggregated job listings by local employers, recruitment agencies, internships and volunteer opportunities. In 2013, a “Kurdistan Careers” event was launched, which facilitated interactions with potential employers from the private sector and job seekers during a two-day event. Research into all of the employment initiatives did not reveal statistical information on whether any jobs were created as a result of the programs and, if so, how many. Toon indicated, “This is a big issue with all of the job creation programs. I worked on a Foras project and spoke to many people from the initiative. They have little or no numbers on how many people actually roll into a job” (Toon Bijmens, Iraq Civil Society and Solidarity Initiative, 2014, Interview, Skype).

Many respondents believed their projects contributed to job creation in the KRI. Regarding the Water Supply Improvement Project in Erbil and Dohuk, Yasar Giregiz, commented, “There will be some job creation” (Yasar Giregiz, Fernas Construction, 2014, Interview, Ankara). Bilal Guzel, noted that, “Yes, the project provided job

opportunities” (Bilal Guzel, Ilci Holding, 2014, Interview, Facetime). Because of the completion of the Hawler Erbil International Airport, Cetin Dayioglu, commented, “Yes there has been development and job creation in lots of different fields” (Cetin Dayioglu, Makyol Construction, 2014, Interview, Istanbul). One company representative indicated that his company did not differentiate between the ethnicity, nor the nationality of an employee, rather the company aimed to hire hardworking people. Commenting on the hiring of local staff, Tahsin Bagci, said, “We believe we should maximize local resources as much as possible. You save money by not bringing as many Turkish employees, and you also become more sympathetic to locals by working with them” (Tahsin Bagci, STFA Construction, 2014, Interview, Istanbul). Another respondent noted that the project did not provide as many job opportunities as would be expected, considering the relatively high-level of education in the KRI as compared to other neighboring regions. An overwhelming majority of respondents indicated that the Turkish companies had difficulty finding locals with the necessary professional skills. According to some respondents, the companies they represented only hired a handful of local residents, because most applicants were not adequately prepared, or lacked professional experience. Therefore, many respondents, whose companies were interested in hiring local employees, worked with regional employment agencies to recruit professionals with the required skills.

Skilled labor

Four major observations emerged regarding respondent’s interactions with skilled labor from the KRI. Respondents indicated that local skilled professionals had an advantageous knowledge of indigenous and regional languages. According to most respondents, local professionals lacked extensive work experience and managerial

skills. Furthermore, respondents noted that professionals were deficient in technical and English language skills and often demanded unrealistic salary earnings. Skilled employees in the construction sector in the KRI usually consisted of technicians, engineers, translators and administrative staff.

Knowledge of local and regional languages

Respondents noted that often local skilled staff spoke indigenous languages and dialects and were also able to communicate in regional languages, such as Turkish and Arabic, as well. Knowledge of local languages proved crucial for Turkish companies operating in an ethnically diverse region. During the Saddam regime, Arabic was taught and used widely throughout the KRI. However, since the U.S.-led invasion of Iraq, in 2003, Arabic was no longer emphasized and the new generation of Iraqi Kurds were not as familiar with the language as previous generations. One respondent noted that the IT technician that his company interfaced with spoke fluent Turkish, which he had learned from watching Turkish television shows since he was in high school. Arguably, the increase in viewership of Turkish television shows, popularity of singers including Kurds from Turkey, expansion of Turkish brands and companies and construction of Turkish schools intensified Turkey's visibility in the KRI, and influenced many young people from the surrounding regions to learn Turkish over the last decade (Yoruk and Vatikiotis 2013, Akgun and Gundogar 2011, Akgun, Gundogar, Levacak, and Percinoglu 2010, Akgun, Percinoglu and Gundogar 2009, Aydin 2012, Butler 2009, Cagaptay 2009a, Grigoriadis 2010b, Rousselin 2013).

Work experience and managerial skills

Respondents noted that oftentimes, new entry local skilled staff did not have a significant amount of work experience, and lacked professional managerial skills. One company representative noted that the civil engineers who were designated by the KRG to follow the progress of the project had little experience working on major projects. Another respondent mentioned that new entry skilled personnel had more of a theoretical perspective, rather than a practical approach to the project. The respondent further noted that local skilled staff did not understand how to manage a project within required timeframes, thereby prolonging the project timeline. It was however, noticeable that respondents had more confidence in the capability of local mid to senior-level professionals.

Technical and English language skills

Some respondents commented that local skilled staff often had weak technical and English language skills. One respondent cited the lack of basic vocational and higher-level technical departments in the local universities as a major reason that the labor market was not populated with skilled persons who could compete with foreign professionals in the international private sector. Another respondent commented that the demand for higher-level technical skills in the private sector did not match the skills available within the local workforce.

Salary earnings

Respondents indicated that oftentimes, new entry local skilled staff demanded they earn the same wage as their more knowledgeable and higher qualified Turkish counterparts.

Most respondents indicated that it was not feasible nor was it a good business model to offer a similar salary to new graduates who lacked equivalent professional experience.

Unskilled labor

Respondents expressed three major observations concerning local unskilled staff. According to respondents, local unskilled personnel were able to communicate in local and regional languages. One challenge working with local unskilled staff was that they sometimes lacked a proficient understanding of international products and modern construction techniques. Lastly, due in large part to the over bloated public sector the size of local unskilled labor in the KRI was very small. Unskilled positions in the construction sector in the KRI usually consisted of laborers, drivers, delivery assistants and kitchen staff.

Knowledge of local and regional languages

Respondents commented that local unskilled staff usually had a good command of both local and regional languages, such as Turkish and Arabic. A company representative noted that because the unskilled staff worked alongside a more knowledgeable supervisor, usually from Turkey, they quickly learned basic Turkish, as well as the skills necessary to become more marketable in the construction sector. Due to the ethnic diversity in the KRI, a few respondents noted that it was important to have employees who could communicate with one another. In addition, some respondents noted that it was beneficial when local unskilled workers understood English, since many companies hired laborers from third countries, such as Bangladesh, where English is widely spoken.

Knowledge of international products

Respondents indicated that at the beginning of this research timeframe, oftentimes, local unskilled staff were unfamiliar with international products and equipment utilized at worksites. However, as knowledge transfer between employees from Turkey and the KRI increased over time, the local labor force became more aware of international products, and how to operate imported machinery. In general, respondents were more comfortable hiring local unskilled laborers towards the end of the timeframe because there was more likelihood that they had already worked on complex construction sites and were familiar with modern construction practices.

Size of local unskilled labor force in the region

Respondents remarked that it appeared there were not many local unskilled laborers willing to work in the private construction sector due to the dominance of the public sector, job security and financial support that were associated with working for the KRG. It seemed Turkish companies were willing to hire whomever they wanted from the labor market and in-turn employed refugees, IDPs and expat laborers on construction sites. Respondents did not disclose how much financial compensation they offered to unskilled laborers.

Mixed labor force

The majority of the respondents commented that the companies they represented employed a combination of local skilled and unskilled staff. Yasar Giregiz, noted, “We hired local engineers, administrative persons, and laborers” (Yasar Giregiz, Fernas Construction, 2014, Interview, Ankara). Timucin Onogur, noted, “Translators, drivers and subcontractor teams (approximately 200 people) were employed” (Timucin

Onogur, Sa-Ra Energy, 2014, Interview, Ankara). Halil Dilek, commented that although they mostly hired Turkish engineers to work on their project, “we also hired engineers from all over the world. The site manager in Dohuk is from Syria. Because of the conflict in Syria, many Syrians have fled to northern Iraq to seek refuge. STFA also hired some of them to work as laborers, tea clerks, drivers, and in other positions. These Syrian refugees are all of Kurdish origin” (Halil Dilek, STFA Construction, 2014, Interview, Istanbul).

Ali Arslanoglu, noted, “In the beginning of the project, approximately 90 percent of employees were Turkish, since there were not very many locals who had the kinds of skills that Tepe Construction needed for the project. However, after a few years into the project, around 40 percent of the senior and juniors staff were locally employed. Personnel included administration, personnel chief, electrical chief, health safety environment chief, finance chief, a variety of electricians, civil engineers, architects, technicians, operators, mechanics, security, and unskilled labor” (Ali Arslanoglu, Tepe Construction, 2014, Interview, Ankara). 77 Construction and Contracting Company hired approximately 250 employees to work on the Qandeel bridge and approaches highway project. Unskilled laborers were hired from the surrounding villages and skilled employees were brought in from Turkey. According to Timucin Onogur, Sa-Ra Energy, “A team consisting of six expatriate officers, project manager, site manager, accountant and three project engineers at the Erbil office and the site office in Dohuk managed the project, and the actual work was executed by local subcontractors” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). Furthermore, Onogur, mentioned, “We contributed to job creation for about two hundred local people during the execution of the project. Around thirty people were employed to operate and

maintain the project which also contributed to job creation” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). Cuneyt Karacasu, Yuksel Construction, noted, “The Roads and Bridges authority assigned resident engineers for controlling the project progress and quality. We employed as many local people as we could depending on the skills we needed and that were available among the local workforce” (Cuneyt Karacasu, Yuksel Construction, 2014, Interview, Ankara).

Majority non-Iraqi Kurdish worksites

Some respondents commented that it was difficult to find local people with the right skills required for their projects and, therefore, hired mostly non-Iraqi Kurdish employees. According to Aykut Altin, “At the peak of the project, there were two thousand, two hundred employees on the Erbil site. The majority of approximately 70 to 80 percent of unskilled employees were Indian nationals. There were also some Indian technicians and foremen, and the rest of the skilled staff were Turkish” (Aykut Altin, Enka Construction, 2014, Interview, Facetime). One respondent noted that the major infrastructure project he managed hired approximately two thousand people, with the majority of workers coming from outside Iraq. One project hired more than thirty-five engineers from Germany, New Zealand, Pakistan, Scotland, Spain, United Kingdom and the United States. Another respondent noted that his infrastructure project hired eight hundred people at the peak of the project, with most of the employees coming from countries other than Iraq including the KRI.

12. Establishment of social safety nets

The majority of the working-age population in the KRI were public servants and received benefits from the government (DeWeaver 2015, 7, KRG, Ministry of Labor and Social Affairs 2013). A RAND study noted, “Wages in the civil service are generally below those in the private sector for comparable occupations; however, health care coverage, retirement benefits, paid vacation, and regular working hours are more prevalent in the civil service” (Anthony, Hansen, Kumar, Shatz and Vernez 2012, 7, RUDAW 2015, Mamoun 2015). In 2009, the KRG, in conjunction with the national government of Iraq and the World Bank, created a poverty reduction strategy that marked the need to establish social safety nets for the economically disadvantaged (KRG, Ministry of Planning 2013). Only a few respondents commented on whether or not their project had contributed to the provision of social safety nets. Timucin Onogur, noted, “The project, by nature, is not the kind to create such impact. As our company policy, we checked the provision of work safety of subcontractors and corrected their mistakes, and provided high level of work safety (no accidents, injury or death took place although the character of the work was highly dangerous). Before making final payments to subcontractors, we checked to ensure that they paid the wages of all of their employees, and that they do not have any debt of such nature” (Timucin Onogur, Sa-Ra Energy, 2014, Interview, Ankara). Overall, it appeared as if respondents were not completely certain about the framework to contribute to social safety nets in the KRI.

13. Provision of well-coordinated, predictable, and multifaceted aid

In large part due to the debilitating effects of the economic sanctions enacted by the United Nations on Iraq in the early 1990s the international community committed funds and provided technical assistance to the KRG (KRG, Ministry of Finance and UNDP

Iraq 2010, KRG, Ministry of Planning 2010). According to Dilshad O. Abubakir, “Such funds were basically focused on reconstruction and rehabilitation of the rural areas in the KRI and never yielded in long-term sustainable development in the region. However, a dramatic shift happened when the UN Security Resolution 986 was passed in 1996 to allow Iraq to sell oil for food items and other humanitarian needs of the Iraqi people” (Dilshad O. Abubakir, USAID/Iraq, U.S. Consulate General Erbil, 2015, Interview, Skype). However, under the Oil-for-Food Programme “the aid community further fragmented the territory of Iraqi Kurdistan by creating price differentials between different regions, which in turn set off internal rivalries and power struggles among entrepreneurial elements of the KDP and PUK” (Chorev 2015, 4). The strict restrictions imposed on what items were allowed into Iraq severely compromised the expansion of the local private sector and industry leaving the region dependent on imports to meet the needs of people in the KRI. The stunted agriculture sector threatened food security forcing many to depend on food rations and witnessed a decrease in nutrition levels across the region. Several years after the U.S.-led invasion of Iraq, in 2008, development practitioners and KRG government representatives decided to establish “rules, regulations, processes and institutions to guide design, quality control, strategic orientation, effective and efficient implementation, monitoring, evaluation of projects, as well as recording and reporting on funding to the general public” (KRG, Ministry of Planning 2008, 7), to try to avoid disastrous failure of development assistance that transpired under the Oil-for-Food Programme. The creation of the External Resources Management Unit and the General Directorate for Coordination and Cooperation Development in the Ministry of Planning were tasked to coordinate the provision of well-coordinated, predictable and multifaceted aid. In addition, to the management and organization of assistance by international aid agencies, the United

Nations, and others, the directorate, sought to learn best practices from the local and international private sector that might be useful for administering aid in the KRI (Dilshad O. Abubakir, USAID/Iraq, U.S. Consulate General Erbil. 2015, Interview, Skype). No respondents commented on whether or not their projects had an impact on the provision of well-coordinated, predictable, and multifaceted aid in the KRI.

Conclusion

The KRI suffered many of the same ills, as did all of Iraq, which compromised advances in human security, particularly economic security. By the time of the U.S.-led invasion in 2003, all aspects of major infrastructure needed to be overhauled. Deficiencies included inadequate electrical power generation and power distribution networks to support human needs, and the underproduction of the oil and gas sector; unclean water supplies; inadequate waste water treatment systems; subpar public health and medical care institutions; substandard local roads and regional highways; the need for road bridges and tunnels to reduce transit times and improve safety; insufficient human capital and infrastructure at international border crossings; lack of internationally approved airports to facilitate trade within the region and with Europe; insufficient infrastructure and human resources for all levels of education; and absence of affordable housing, particularly in the booming cities of Erbil, Dohuk and Sulaymaniyah. The legacy of the KRG, playing a dominant role in the economy, manufacturing and business, clearly made it the key player in rebuilding infrastructure, damaged from two wars, decades of a two-sided embargo - one by the United Nations on all of Iraq, and an internal embargo imposed by the Saddam regime, as well as the debilitating impact of the American occupation. However, the KRI's dependence on Baghdad for

uninterrupted transfers of oil revenues reduced its ability to support human security needs in a steady manner.

Economic security in the KRI, during the timeframe of when interviews were conducted with representatives from the Turkish construction sector, was severely compromised. For one, the ongoing dispute between Erbil and Baghdad, the central government of Iraq, over the KRG's authority to market and sell their own natural resources, particularly oil, negatively affected economic growth. Baghdad's refusal to disperse 17 percent of the federal budget to the KRG, an amount, defined in the Iraqi Constitution, and based on the population size of the region, forced the KRG to withhold payments to both the international and local private sectors, leaving many international firms scrambling to operate without being paid for months (Raval 2014). Second, the swift advance of the Daesh militants towards the KRI in June and July 2014, constituted a significant existential security threat, and raised questions about how safe the region actually was for international private sector investments and operations (Solomon 2014). Furthermore, the cutting off of the major trade route by Daesh from Mosul going to Baghdad increased shipping costs dramatically, and left many companies questioning if it were still profitable to operate in Iraq and the KRI (Zalewski 2014). Commenting on the recent rise of insecurity Aydin Toprakli, noted, "The recent spike in violence in Iraq due to the takeover of Mosul by Daesh has forced us to change our departure points for materials for the project" (Aydin Toprakli, Kalyon Construction, 2014, Interview, Istanbul). By the end of August, 2014, some companies had decided to reroute their delivery trucks through Iran and back into Iraq. The rerouting of goods meant companies would have to spend more time and money delivering goods. This was not feasible for some companies who had already suffered economically because of the

disruption of trade. Therefore, only companies who had the funds available or access to credit were able to proceed with a new route. By the end of 2014, many companies reverted to pre-crisis business activities, as the U.S. and coalition airstrikes pushed Daesh back far enough for the Peshmerga to establish a safe, yet porous, border along the key areas of the KRI. Even though there were significant shortcomings of the Turkish private sector in the KRI, the infrastructure recovery and restoration of access to basic services that were undertaken by Turkish companies allowed the KRI to absorb some of the shocks of the humanitarian crisis that ballooned in 2014.

Chapter 5 – Impact of the Turkish Export Sector and Associated Business

Initiatives on Economic Security in the KRI

Introduction

The chapter will begin with an overview on the overdependence on imports followed by the engagement of the Turkish private sector in the Kurdistan Region of Iraq (KRI). The major concentration of this chapter is the empirical data, which emerged from interviews with representatives from the Turkish export sector and associated business initiatives. The information in this chapter provides crucial insight into the Turkish private sector's engagement in the KRI.

The KRI's overdependence on imports

The collection of oil and gas fees and royalties ensured Baghdad's central role in the previous statist economy, and the distribution of nation-wide political patronage (Springborg 1986, Stork 1982). Iraq had become a 'rentier state' in the sense it was overwhelmingly dependent on foreign sales of oil to generate state revenue. The state-run industries under the Arab Socialist Ba'ath Party government of Iraq were never able to provide consumer and food items desired by the Iraqi people; therefore, the country imported an array of goods and services. Despite the proximity of Turkey to Iraq, according to one Turkish executive, many senior-level Iraqi government officials were unfamiliar with the productive capabilities of Turkish industry in the 1970s and 1980s (Serif Egeli, Foreign Economic Relations Board, 2014, Interview, Istanbul). Perceptions changed during the administration of Prime Minister Turgut Ozal (1983-1989) when Turkish business representatives invited Iraqi government leaders to visit Turkey to witness their emerging industrial capabilities for production of durable and soft goods. Visiting Iraqi delegations started to understand that Turkish factories could

produce high-quality products at a fair price, and deliver them relatively quickly, when compared to countries outside the Middle East (Serif Egeli, Foreign Economic Relations Board, 2014, Interview, Istanbul). In a move to support an emerging export sector and integrate Turkey into the global economy, the Turkish government enacted trade policies to reward export companies in the form of tax rebates, export credits and credit subsidies.

As was mentioned earlier in this dissertation, the agricultural productivity of the Kurdistan Region of Iraq (KRI) continued to decline after the Anfal Campaign (Leezenberg 2004, 395), displacement of the rural population by the Saddam regime and the U.S.-led sanctions on Iraq as punishment for Saddam's 1990 invasion of Kuwait. Turkey suspended pipeline operations due to the UN embargo on Iraqi oil exports. (Beam 2014). The Iraqi Kurdish support of American troops and subsequent defeat of Iraqi forces in the 1991 war with the American-led coalition sparked anger in Baghdad among Ba'ath loyalists. To punish the Kurds, Saddam enforced an internal trade embargo against the KRI and, in effect, created a two-sided embargo on the region. This disrupted the cohesion of the economy, and further destabilized the precarious status of the agricultural sector in the KRI. Consequently, most Iraqis became dependent upon the UN administered food-rationing program for survival. The Iraqi agricultural sector could not compete with the flood of free international food products, much of which were sold on the black market. The KRI agricultural sector was seriously crippled and has remained stunted. The 1995 United Nations Oil-for-Food Programme was established in response to international criticism that the economic sanctions had a detrimental effect on the average person in Iraq. The Oil-for-Food Programme was designed to allow Iraq to sell oil in exchange for humanitarian items, such as medicine

and food (Alnasrawi 2001, Mazaheri 2010, Cortright and Lopez 2000, Dreze and Gazdar 1992, El-Bayoumi 2000, FAO 1993, FAO 1997). A portion of the revenues from the program was dispersed directly to the KRG to alleviate budget pressures and allow for development projects (Natali 2005, 163, Tripp 2000, 262). However, there were accusations that by the time of the U.S.-led invasion of Iraq, in 2003, \$4 billion was still owed to Kurds under the UN Oil-for-Food Programme, but was apparently held up in a UN-controlled French bank account (Talabani and Barzani 2003).

Concurrent with the UN Embargo on Iraq was the rise of the so-called “Anatolian Tigers,” small- and medium-sized enterprises (SMEs) in Turkey, whose initial capital formation derived from the remittance of expat Turkish workers in Germany, France and Belgium. The rise of SMEs in Southeast Turkey, started in the 1970s and prepared the way for continuing robust export sales of food, textiles, and even white goods to Iraq and the KRI in the 1990s. For instance, the private sector in cities like Gaziantep, located in Southeastern Turkey, benefited from both remittances, as well as extensive trade with Iraq, Iran and Syria.

The CPA and the new government in Baghdad did not prioritize the revitalization of the KRI immediately after the U.S.-led invasion of Iraq. Large income transfers from Baghdad to the KRG, derived from oil revenues, began with the signing of the Iraqi Constitution in 2005 and the Parliamentary selection of Nouri al-Maliki as the Prime Minister. Transfers of 17 percent of the Iraqi central budget to the KRG provided the financial capacity to begin reconstruction of inadequate infrastructure in the KRI. In addition to state security, priority of funding went to the construction of airports,

bridges, clinics, electrical power and distribution networks, hospitals, housing, roads, schools, and water and sewage systems.

Presence of the Turkish exports sector and associated business initiatives in the KRI

Turkey was hesitant to develop close relations with the central government in Baghdad, as well as with the KRG after the U.S.-led invasion of Iraq in 2003. As Iraqi reconstruction gained momentum, and the KRG secured international recognition as a safe and viable partner in the region, Turkey's approach to Iraq transitioned from a narrow security cooperation relationship to an economic and foreign policy centered approach. Turkish companies were well positioned for the establishment of a friendlier business environment, as many already had extensive experience operating in Iraq, particularly in the KRI. Furthermore, companies in Turkey manufactured higher quality products, and offered lower prices as compared to other regional industries. As was mentioned in Chapter 3, entitled the Contextual Framework, during the renewal of diplomatic relations, Turkish business associations and business representatives, especially those already working in the KRI, encouraged Ankara and Erbil to deepen economic cooperation (Kirisci 2006, 47, Park 2012b). Furthermore, the Turkish government and private sector worked closely to strengthen Turkish economic activities in the KRI. Many respondents noted that the presence of the Turkish private sector also contributed to an increase in cultural understanding between professionals from Turkey and the KRI. Bilal Demirler, noted, "Turkish support is important since it has a special "converter effect" between Europe and Middle Eastern mindsets" (Bilal Demirler, Faruk Medical City, 2015, Interview, Istanbul).

Turkish Companies Operating in the KRI

Many respondents noted that when compared to other regional and international companies, Turkish companies had an advantage to working in the KRI. Ulas Gulbay, noted, “The Iraq market is strategic for Kale Ceramic since Iraq is a neighboring country. Turkish and Kurdish people share a similar culture and history. Regarding advantages compared to European products, the quality of Turkish products is high, cheap and reliable, transportation is easy and the Iraq market is one of the biggest ceramic importers in the Middle East” (Ulas Gulbay, Kale Ceramic, 2014, Interview, Istanbul). Onur Acar, commented, “When compared to other countries, Turkey has an advantage because it is a bridge for the region” (Onur Acar, Tamek, 2014, Interview, Istanbul). During the timeframe of this research project, from 2004-2014, the presence of Turkish products in the KRI arguably made up the majority of imports in the KRI. According to Turkish government figures, Turkish exports to Iraq were between \$2.8 and \$3.5 billion in 2007, with approximately 75 to 80 percent of goods sent to the KRI. With annual exports worth over \$8.2 billion in 2011, Iraq ranked as the third largest export market for Turkey (Turkan, 2014, 24). In 2013, Turkey’s trade with Iraq amounted to \$11.9 billion, making Iraq Turkey’s second-biggest export market, while Turkey became Iraq’s largest external trading partner. This relationship was not only significant because of exports, but when compared to trade with Germany, Turkey’s largest trading partner, with exports equal to \$13.3 billion, and imports equal to \$24.1 billion, Turkey only imported \$145 million from Iraq in 2013, thus tilting the balance of trade in Turkey’s favor (UN COMTRADE, Turkey Ministry of Economy, Turkish Exporters Assembly, Turkish Statistical Institute). By 2013, more than 1,500 Turkish companies operated throughout Iraq, and exported a wide array of goods, such as diapers, doors, food items, furniture, milk, and pipes. During the first five months of

2014, exports to Iraq had already amounted to \$5.4 billion, an increase of 11 percent (Cagaptay, Bache Fidan, Sacikara and Baste 2015, Turkish Statistical Institute). The KRI also served as a destination for storing Turkish exports before being re-exported to other provinces in Iraq, which made it difficult to determine exact quantitative trade figures between Turkey and the KRG.

Respondents indicated that they either exported products to the KRI, or conducted business activities in the KRI, in part, because of the relatively low costs associated with logistics and transport, and the likelihood for high profits. However, in June, 2014, Daesh seized control of Mosul, Iraq's second largest city, blocked the major route south to Baghdad, kidnaped Turkish truck drivers, overtook the Turkish Consulate in Mosul, and captured the consulate staff, their family members and the security detachment, thus changing the political, military and economic dynamics in the region. On 2 July 2014, the Turkish Exporters Assembly (TIM) reported that Iraq had dropped to Turkey's third largest trading partner, falling behind Britain. Within a short time period, trade with Iraq had decreased 21 percent, compromising trade relations between Turkey and Iraq. Many respondents noted that consumption and spending decreased considerably, which had a negative impact on the already strained economy and local private sector in the KRI. The KRG had promoted itself as a safe environment in which to do business with and to do business from. However, with the advance of Daesh, many Turkish companies questioned whether it was safe to trade inside Iraq, even from the KRI. Onur Acar, commented, "Security is the main challenge of working in northern Iraq" (Onur Acar, Tamek, 2014, Interview, Istanbul). Many companies stockpiled goods inside the KRI with the hope that the road to Baghdad, and onward to the south of Iraq, would

eventually open. Furthermore, transportation costs increased, in response to security considerations.

Economic security spectrum findings

The following section presents the empirical data from interviews with Turkish companies that engaged in the export of goods and services to the KRI, or led business initiatives in the KRI. The aim of the interviews was to investigate Turkish private sector activity in correlation with economic security indicators. The Conclusion Chapter 6, will provide an analysis of the impact of Turkish private sector activity on economic security in the KRI.

1. Public-private relations

After the U.S. invasion of Iraq in 1991, the United States, United Kingdom and France established a no-fly zone over the KRI, to prevent continued oppression by Saddam's regime upon the Iraqi Kurds. The purpose of the Northern No-Fly Zone was to provide a security umbrella for the Iraqi Kurds so that they would not feel compelled to seek sanctuary in nearby Turkey and, instead, govern themselves in the KRI, independent of the central government in Baghdad (McIlmail 1994, Cockayne and Malone 2006, Silliman 2002, Cook 1995). Saddam ordered the withdrawal of all central government administrators, including both civil and military personnel, ceased paying the salaries of public servants, and inflicted his own trade embargo on the KRI (Roberts 1996). The population of the KRI faced the debilitating double embargoes of both the UN and the Saddam Hussein regime (Banai 2012, 271). Wars, human devastation, economic destruction, and the embargoes forced the people living in the KRI to become almost completely dependent on UN food assistance, and stunted the development and

revitalization of the formally robust agricultural sector. The positive outcome during this time period was that the KRI laid the groundwork for the political, institutional and legal pillars of a functioning democracy (Gunter 1993). Within the last decade, the KRG established a multidimensional structure that oversaw public administration and management of the region. In addition, the KRG founded key government institutions, such as the Board of Investment and ministries to enhance economic security.

Respondents were asked if there was their project had an impact on public-private relations. Only a few respondents interfaced with at least one of the following KRG ministries: Ministry of Electricity; Ministry of Finance and the Economy; Ministry of Housing and Reconstruction; Ministry of Labor and Social Affairs; Ministry of Municipalities and Tourism; Transport and Communications, albeit not on a regular basis. The majority of respondents indicated that the company they represented did not interface with officials from the KRG on a regular basis. According to Mehmet Erman Atik, “We did not have any special need to be in close relations with the local authorities, other than registering an official company in Erbil” (Mehmet Erman Atik, Catoni, 2014, Interview, Istanbul). Soner Cakilkaya, noted, “Ege Ceramic has not interfaced with the KRG, as the local distributors deal with them directly, and only when it is necessary” (Soner Cakilkaya, Ege Ceramic, 2014, Interview, Istanbul). Another respondent noted that most Turkish export companies only dealt with the KRG when they first began operating in the region to establish a formal business entity. In that case some Turkish companies worked with consulting companies to register their business for them. Regarding public-private relations, respondents indicated their business operations varied depending on the type of export and business initiative they undertook in the KRI. The modernization of the inspection process for goods imported into the

region, although confusing during the initial implementation of the program, served to standardize and ensure only quality goods entered the market. Respondents noted that it was relatively easy to establish a presence in the region. Respondents also noted that it was crucial the KRG implement and uphold a strong internationally recognized legal framework to reassure the international private sector that the KRI was a transparent and business friendly environment.

The type of export and business initiative

Turkish companies followed a particular business model according to the type of export or business initiative they undertook in the KRI. Respondents indicated that the companies they represented worked closely with a business entity positioned in the KRI, if the market generated a significant amount of revenue or was an important source of business activity. Regardless of the structure of the company, it was crucial that the staff positioned in Turkey and the KRI had significant professional experience and knowledge of the local business climate. One respondent noted that the local Iraqi businessmen knew the market well and were able to navigate political and cultural aspects of the region. Another respondent noted that they relied heavily on their company representative, located in Erbil, to manage operations and interface with the relevant KRG ministries. It was apparent that regardless of the size and age of the Turkish venture, export and business initiatives were dependent on strong relations with representatives in the same industry, positioned in the KRI, as the local partner often led the business development in the region. One respondent noted that the local entity's network greatly influenced the magnitude of sales and success of their business. Companies in this category often empowered their partners to make placement and

product decisions that were best for the local market, cross-trained employees to do multiple tasks, and standardized operational systems.

Turkish companies who did not perceive the KRI market to be a significant source of revenue or company activity did not work closely with a business entity positioned in the KRI. Therefore, many companies did not interact with the business entities located in the KRI, unless they requested to purchase items from the company in Turkey. Then, communication concentrated on the financial and logistical aspects of the procurement of the requested items. It appeared as if the Turkish companies that followed this trend assumed a short-term business approach, rather than focusing on how to strengthen relations with partners positioned in the region.

Concerning the type of exports and business initiatives, respondents indicated, the standardization of the inspection process contributed to the increase in the quality of goods that were imported legally to the KRI. Respondents also remarked that the transport of goods varied depending on the business model and the significance of the KRI market to the Turkish business entities included in this research project.

Inspection process

Since the U.S.-led invasion of Iraq, the end of the United Nations economic embargo on the country and the high tariffs of the Saddam regime, imports flooded the market, which stifled the local private sector. In 2010, the central government of Iraq approved laws, “that introduced import tariffs, protections for local products and consumers and anti-monopoly laws” (Al-Ansary 2011). However, it was not until 2011 that the central government in Baghdad began a serious debate about the necessity to impose

regulations to track imports more closely. The Central Organization for Standardization and Quality Control was designated as the institution responsible for overseeing the Pre-Import Inspection, Testing and Certification Program of Goods into Iraq (ICIGI). Within the KRI, the Ministry of Trade and Industry, Ministry of Finance and Economy, the Kurdistan Board of Investment, Importers and Exporters Union of Iraq, Kurdistan Region, Kurdistan Federation of Chambers of Commerce and Industry and the Kurdistan Standardization and Quality Control Administration were assigned to regulate and oversee imports. The new product conformity assessment program that took effect on January 15, 2012 was meant to “protect the country, consumers and local manufacturers from: substandard products that may endanger public health, safety or the environment; counterfeit or unsafe products; and unfair competition from imported goods which do not comply with the approved standards” (SGS website). Imported goods must comply with Iraqi national and/or approved international standards or technical requirements. Soner Cakilkaya, observed that, “Within the last few years, the Iraqi government started to require that certain products be inspected and certified before entering into Iraq” (Soner Cakilkaya, Ege Ceramic, 2014, Interview, Istanbul). Another respondent noted that before the inspection process was established, Iraq used to import more products from Iran and China. Harun Ulfi, noted, “The Iraq inspection regulations are based on the International Organization for Standardization (ISO) system” (Harun Ulfi, SPK Pipes and Fittings, 2014, Interview, Istanbul). Ulfi further noted, “A company can only print the ISO logo and serial number if they have been given the permission to do so” (Harun Ulfi, SPK Pipes and Fittings, 2014, Interview, Istanbul), thereby reducing the possibility of counterfeit or substandard materials from entering into Iraq. The Turkish government required products for both domestic consumption and foreign distribution to meet certain standards to regulate the

authenticity and quality of products and services. Therefore, because Turkish companies were already familiar with quality control, it made it easier for companies who wanted to export to Iraq to clear the pre-inspection process. Many respondents indicated that the companies they represented were well-positioned for the inspection procedures since they were experienced in exporting to other countries who had similar regulations. Soner Cakilkaya, noted, “All Ege Ceramic’s materials meet the required standards. Each box that is shipped to northern Iraq is labeled to show at which factory the products were made, the materials that are inside the box, and when they were produced. This is helpful to track the materials in case a distributor or customer inquiries about the quality of the product” (Soner Cakilkaya, Ege Ceramic, 2014, Interview, Istanbul).

In order to acquire a certificate of conformity a company was required to undergo a review of the company’s documents, control testing of products, if required, physical inspection of goods, and other facilitation procedures. The KRG appointed Bureau Veritas, SGS, Cotecna, Baltic Ctl and TUV Rd to perform conformity assessments of goods exported to Iraq including to the KRI. In Turkey, companies were able to choose between two main inspection companies, Bureau Veritas and SGS, to inspect, test and certify goods before being exported to Iraq (Bureau Veritas, SGS). Ulas Gulbay, noted, “The central government has contracted the oversight of imports to third party inspection companies, mainly Bureau Veritas and SGS. Now companies who want to export to Iraq have to work with a third party inspection company to have their goods inspected and approved before exporting them to Iraq” (Ulas Gulbay, Kale Ceramic, 2014, Interview, Istanbul). Gulbay further indicated, “When the new regulations began, Kale paid Bureau Veritas to inspect their entire factory and products. Now, Kale pays

Bureau Veritas to inspect products and for the certificates for each shipment of goods” (Ulas Gulbay, Kale Ceramic, 2014, Interview, Istanbul).

Many respondents remarked that export procedures were modified after the implementation of the inspection process. According to Ulas Gulbay, “With regard to the Iraq market, the customs regulations have changed dramatically over the last two years. In an attempt, to ensure only high quality goods are imported to Iraq, the central government, in cooperation with all border provinces, enacted strict regulations for imports” (Ulas Gulbay, Kale Ceramic, 2014, Interview, Istanbul). As the central government in Iraq and the KRG strengthened and improved the requirements on imports, the list of regulated products was revised and updated regularly. The standardization of inspection requirements included adding and removing products, and their related standards from the inspection lists. The following products required mandatory inspection under the ICIGI program before entering Iraq, including the area governed by the KRG: toys; electric and electronic products; vehicles, bicycles, tires and parts; construction products; food products: alcoholic beverages of all kinds, and energy drinks; cosmetics, personal hygiene products; household hardware; kitchenware; chemicals; textile and footwear; household burning fuel appliances; and all kinds of metallic cans and metallic covers. Under the ICIGI program food products other than alcoholic and cleaning agents and any type of product, except for banned products were inspected on a voluntary basis (Bureau Veritas). The following goods were prohibited from entering Iraq: genetically modified foods; food products that include pork, pork fat and pork derivatives in their ingredients; all products originated from Israel; used vehicle spare parts; counterfeited products; and non-compliant goods. Exempted goods included medical products of therapeutic effects, ATVs – All-terrain

vehicles (4-wheel bikes) and commercial vehicles designed and constructed for the carriage of goods of which the maximum mass was over 3 tons (Bureau Veritas).

Many respondents indicated that one negative effect of the inspection process was the possibility of prolonging the overall shipping process. One respondent noted the company he represented had experienced delays when the inspection process first began due to a lack of proper awareness about which items required pre-inspection. Ulas Gulbay, commented, “The new inspection process certainly ensures that higher quality and legitimate products are exported to Iraq; however, it might prolong the shipment of materials, particularly at the beginning of the inspection process” (Ulas Gulbay, Kale Ceramic, 2014, Interview, Istanbul). Some respondents commented that the companies they represented faced difficulties when the new export regulations first began, as the inspection process was not clear. Respondents indicated that when the export procedures were first introduced, inspection companies and officials working at the Habur-Zakho border crossing were not always certain which materials needed to be inspected, nor which paperwork was required. Respondents also indicated that the inspection companies themselves were often unsure about which products needed to be examined. Some respondents noted that the uncertainty of the list of goods that required inspection made it difficult for companies to trust the process. Over time, it appeared that the respondents felt more confident about the inspection process once there were fewer revisions to the regulations.

Transport activities

The majority of Turkish companies relied heavily on local counterparts to develop export and distribution strategies from Turkey to the KRI. Most companies operated on an “Ex Works” basis, meaning they did not arrange for a logistics company to transport goods, and the associated costs and insurance were covered by the business entity who sent the goods to the Iraq market, and not by the company that manufactured or produced the products. Soner Cakilkaya, noted, “Generally, distributors pay for shipping from Turkey to northern Iraq and then within Iraq” (Soner Cakilkaya, Ege Ceramic, 2014, Interview, Istanbul). Most respondents in this category indicated that it was easier for the companies they represented to not interfere in transportation activities particularly since the shipping process became more uncertain, and the associated costs increased with the Daesh advance in Iraq, in 2014 (Prothero 2014).

Some Turkish companies who perceived the KRI as an important region for their business activities assisted with logistics even if the main business entity posited in the KRI made the final arrangement and covered the costs to transport goods to Iraq. It was apparent that the companies in this category had a close relationship with the company positioned in the KRI. One respondent noted that his office often called different trucking companies to negotiate the best shipping price on behalf of the main distributor, which was located in the KRI. Another respondent indicated that his company relied on personal contacts with other shipping companies to secure the most cost effective price for the local distributor in Iraq. Some companies worked with the same transport company; whereas, other companies worked with the transport company that offered the best price. There were differences among trucking companies concerning whether the company delivered the products all the way to the KRI market,

or only to the Turkey-Iraq border. In the second case, another trucking company would load the products at the Habur-Zakho border crossing point and deliver them to the KRI market. Mehmet Erman Atik, noted, “The Turkish trucking companies know the Iraq market well, especially those companies who exist along the Turkey-Iraq border” (Mehmet Erman Atik, Catoni, 2014, Interview, Istanbul). According to one respondent from the transport sector, the truck fleet in Turkey was larger than the fleet in all of Europe and the largest temperature-controlled truck fleet in the region was based in Turkey. Some respondents indicated that sometimes, even reliable trucking companies did not meet international standards. For instance, cargo might arrive to the port of destination broken, or the delivery times might not coincide with what was originally agreed upon with a client. One respondent noted that sometimes drivers were more concerned with getting paid rather than following regulations. Therefore, some respondents revealed that it was safer to hire a reliable company even if it cost more to transport goods to the KRI.

Respondents indicated that the wait time at the Habur-Zakho border crossing point between the Turkey-Iraq border significantly delayed the delivery of products. Therefore, an overwhelming number of respondents recommended that Ankara and Erbil pursue the opening of additional border crossings to allow the flow of goods and people to move more freely and easily. One respondent noted that the company they represented fell behind in their delivery time when the Habur-Zakho border crossing was closed for two months in 2013. In particular, companies that exported fresh food items, such as vegetables and fruit, lost several tons of produce since they were not delivered to the market and therefore rotted instead of being consumed.

Many of the respondents interviewed noted that the business representatives they worked with, who were positioned in the KRI, also distributed goods to the rest of Iraq. The Daesh takeover of the major distribution routes going south towards Baghdad and Basra, during the summer of 2014, significantly reduced Turkish exports to central and southern Iraq. Turkish trade that passed through Iraq to the Gulf States was also affected by the insecurity and disruption of the land routes. With transportation lines also severed in Syria, alternative routes through, Iran or shipping goods on sea freight carriers through the Suez Canal, were discussed, but these were not viable options, as they would increase the transportation costs substantially, and extend the time it would take to deliver goods. Truck owners began to charge double to transport goods south of Mosul, and were subject to Daesh transit fees. Costs to ship goods to Dubai via the Egyptian sea route were triple the cost of the old overland route through Iraq. Lower cost shipping via Roll On / Roll Off ferryboats on the Mediterranean route from Iskenderun, Turkey to Haifa, Israel, and then by truck through Jordan was not an option since Saudi Arabia forbade the entry of goods that transited through Israel. Furthermore, Iraq was suspicious about goods that transited through Israel. Another possibility was crossing the eastern border with Iran at Gurbulak, near the Turkish city of Agri, using an alternative Iranian route to Baghdad and southern Iraq. In addition to the concern over the increase in costs and extended routes to transport products to non-KRI regions in Iraq, many respondents interviewed for this research project were concerned that it was not feasible to guarantee on-time delivery of goods due to political and war risks because of the Daesh advance in Iraq. One respondent noted that his company was afraid that they would lose customers if they increased the price for products due to the security situation. Another respondent indicated that they decided to stop distribution to areas outside of the KRI because it had become too costly and unsafe. One respondent

commented that their truck drivers had to pay bribes to Daesh-associated groups along the dangerous route to Mosul. Respondents indicated that, in 2014, many manufacturers, distributors, and logistics companies, especially those that were positioned in the KRI, experienced lower profit margins because of a decrease in spending flows and an increase in transportation costs in order to safely deliver products from the KRI to other regions in Iraq. Respondents indicated that customers would likely opt for another product if their companies increased price points significantly. Surprisingly, trade figures between Turkey and Iraq remained at normal levels in 2014.

Establishing a presence in the KRI

Some respondents indicated it was important for Turkish companies to establish a presence in the KRI. According to Mehmet Erman Atik, “When a company understands the local environment it increases the quality of engagement in the market” (Mehmet Erman Atik, Catoni, 2014, Interview, Istanbul). Atik further noted the, “KRG is an emerging market and a local presence is of crucial importance to be a part of the growing business environment. We decided to open an office in Erbil in order to register our name in the region by using a reputable background where we are already trading in” (Mehmet Erman Atik, Catoni, 2014, Interview, Istanbul). Another respondent noted that the company he represented decided to open an office in Erbil to track their business activities more closely. Most of the respondents that were interviewed noted that the company they represented worked with either a Turkish or local Iraqi business entity rather than operating on their own in Iraq. Turkish companies who choose to either register their company, or an entirely separate company under their control, usually worked with local law firms or consulting agencies to manage the registration process.

Implement a strong internationally recognized legal framework

The majority of respondents indicated that it was important that the KRG implement a strong and universally recognized legal framework for the international private sector. Respondents noted that it was essential the international business community felt assured that if any problems arose, including financial ones, foreign companies could rely on an independent and fair judicial system to make a just ruling. A few respondents noted that the existing local legal framework was not adequate to address financial conundrums in the KRI. In 2014, the KRI witnessed a domino effect of Baghdad's withholding of the KRG's 17 percent share of the federal budget. Within a few months, the KRG was unable to pay for public servants' salaries and the overall welfare state was compromised. Due to not being paid by the KRG, some Turkish companies began to withdraw personnel while others ceased projects in the KRI. The local private sector was severely damaged with some even going bankrupt. The economy contracted and consumption decreased significantly.

2. Basic income and poverty alleviation

The majority of respondents did not believe their export or business initiative had an impact on basic income and poverty alleviation. Mehmet Erman Atik, noted, "No, it would be unrealistic to expect such results from our initiative at this stage" (Mehmet Erman Atik, Catoni, 2014, Interview, Istanbul).

3. Public and private sector employment, wage employment, and self-employment

Only a few respondents commented on the impact of their project on an increase in public and private sector employment, wage employment, and self-employment. Respondents noted their business activities, in particular, contributed to an increase in

wage employment and to the development of SMEs due to their business relationships with local KRI commercial entities. It was difficult to gauge whether there was a direct impact on indigenous business entities solely based on interviews with members of the Turkish private sector.

4. Rehabilitation and diversification of the agriculture sector

Since the 2003 U.S.-led invasion of Iraq, the KRG tried to prioritize the revitalization of the agriculture sector, albeit with competing priorities, such as securing the development of the oil and gas sector and infrastructure projects. The KRG Ministry of Agriculture and Water Resources, Ministry of Planning and Board of Investment were the main government bodies that were responsible for the development of the agriculture sector (KRG, Board of Investment 2012). Several international aid agencies, such as the United Nations Food and Agriculture Organization, U.S. Agency for International Development, Japan International Cooperation Agency, and Korea International Cooperation Agency collaborated with the KRG to undertake development studies specifically tailored to the revitalization of the agriculture sector (FAO and Islamic Relief 2014, FAO and ACF International 2014). On a smaller scale, local NGOs initiated small development projects geared towards promoting self-sustaining home gardens to provide basic food items (Representative from American faith-based organization, based in the KRI, 2014, Interview, Skype). During the time of the writing of this dissertation, supply chains, including adequate transportation routes that supported small size farms to ensure food security still needed to be developed (Rashid 2014). In 2013-2014, the availability and access to nutritious food became more uncertain with the escalation of conflict and displacement of persons in Iraq and the influx of Syrian refugees to the KRI (UN FAO 2014, GIEWS 2014, IOM 2015).

Concerning the rehabilitation and diversification of the agriculture sector several Turkish companies that exported food items, including chicken and meat products, were contacted to be included in this research project. However, representatives from these companies either declined to be interviewed, or simply failed to attend meetings that were previously confirmed. Respondents indicated that their business activities did not have an impact on the rehabilitation and diversification of the agriculture sector. However, some respondents remarked that the nexus of farmers, traders, processors and markets grew stronger because of the Turkish private sector's contributions to the rehabilitation of infrastructure and the road network in the KRI.

5. Infrastructure recovery and restoration of access to basic services

Only a few respondents commented on their project's impact on infrastructure recovery and restoration of access to basic services. One respondent who represented a company that provided transport services noted that a team from the company surveyed both major and minor roads, tunnels, and other infrastructure networks to determine the best routes and the load capacities to deliver materials to the designated work sites when the company first started working in the KRI. Another respondent commented that it was vital adequate roads existed in order to transport products safely and quickly to project sites. Apparently, the opening of additional border crossing points would reduce the delivery time of products from Turkey to the KRI and other governorates in Iraq. Another respondent from the oil and gas sector noted the KRG utilized financial contributions from the Oil Fund to rehabilitate the infrastructure in the region, such as roads, sewage and electricity systems surrounding their project sites (International Oil and Gas Expert, 2012, Interview, Istanbul). Since this thesis did not focus on the oil and gas sector, it would be interesting to research whether or not the Ministry of Natural

Resources was able to leverage the international private sector to contribute to infrastructure recovery and restoration of access to basic services in the KRI in another study.

6. Dismantling of a war economy and illegal economic networks

Extensive criminal organizations, based on tribal and ethnic identity, already existed in Iraq including the KRI, but they became active and central to the effort to sidestep United Nations sanctions and trade embargo in the 1990s. To avoid the crippling sanctions and generate financial resources to sustain Iraq's nuclear weapons development program and lavish life styles of the elites, Saddam Hussein outsourced the sales and transportation of illicit sanctioned oil to criminal networks associated with his son, Uday Hussein, or otherwise controlled by the regime. They transferred the oil to Iraqi Kurds who transported the oil to the border for taxation by the KRG, and subsequent smuggling into Turkey, while giving the regime deniability of involvement. Natali indicates, "The once remote border post of Zakho became a regional hub for oil smuggling and its lucrative related industries" (Natali 2005, 163). The Kurds in the KRI and Southeastern Turkey were well placed to facilitate oil smuggling due to their historic cross-border tribal associations and common regional Kurdish languages.

Only a few respondents commented on whether their export or business initiatives contributed to the dismantling of a war economy and illegal economic networks. Mehmet Erman Atik, noted we "cannot sense an impact on the dismantling of a war economy and illegal economic networks. Our initiative is simply targeting the commercial, civil and legal environment. This could be a good reason to strengthen civil and legal environment against any possible war economy and illegal networks"

(Mehmet Erman Atik, Catoni, 2014, Interview, Istanbul). However, even though respondents did not perceive the connection, it was highly likely that the introduction of a formal pre-inspection and registration of goods reduced the possibility of illegal networks from smuggling counterfeit or defective goods from Turkey to the KRI. Therefore, Turkish companies had an impact on the dismantling of a war economy and illegal economic networks by participating in the pre-inspection process.

7. Expansion of opportunities for people through training, skills development, and empowerment

Prior to the U.S.-led invasion of Iraq, in 2003, many of the companies operating in the KRI were from southeastern Turkey, with only few numbers of personnel and generated small trade volumes. Over the following decade, the Turkish private sector widened its scope to include companies from different provinces in Turkey and companies that generated large trade volumes in the KRI. Therefore, one might assume that there would also be a significant expansion of opportunities through training, skills development, and empowerment for local personnel who were employed by Turkish companies in the KRI. This claim was reiterated by many respondents who further highlighted that the companies they represented provided professional opportunities based on their business model in the region. Some companies organized structured training components for employees whereas; other companies pursued on-the-job training. Some respondents noted that they hoped to provide more structured training to their employees once their companies became more established in the KRI. According to Mehmet Erman Atik, “This is one of our targets, and I expect we will do more once our organizational structure becomes mature enough in Erbil; however, our company philosophy encourages investing in local content and this is what we will do more of in the future”

(Mehmet Erman Atik, Catoni, 2014, Interview, Istanbul). Respondents also indicated that companies experienced a high turnover of personnel and that employment continuity was important to their business operations in the KRI.

Structured training component for employees

The majority of companies that provided a structured training component for employees either perceived the KRI as a major market or engaged in a highly specialized sector, such as health or aviation. Arcelik A.S., Eti, Kale Ceramic, F.H. Bertling Logistics, Acibadem Healthcare Group and Atlas Global all provided structured training opportunities for employees working on their export or business initiative in the KRI. Many of these companies frequently invited employees who were based in the KRI to participate in company-wide training sessions in Turkey. According to Idris Sariaydin, “At the beginning of the development of the hospital, Acibadem Healthcare Group sent numerous personnel to train the local staff. The Turkish staff stayed approximately six months to ensure the local staff were capable of managing their respective departments” (Idris Sariaydin, Acibadem Healthcare Group, 2014, Interview, Istanbul). Employees who worked for the Faruk Medical City were also invited to attend courses and seminars at Acibadem University, located in Istanbul, Turkey. Considering that the aviation sector was highly technical, Atlas Global provided training for local staff in airline safety management systems, air traffic control, air transportation systems, and airline schedule planning. Baybars Velibeyoglu, from Eti, noted, “Eti provides training for local employees working for Nur Gida and subcontractors on the bonus system, general sales and marketing techniques, how to utilize the ESCO computer system and our company regulations” (Baybars Velibeyoglu, Eti, 2014, Interview, Istanbul). Arcelik A.S. organized structured training components on sales techniques, product

information, marketing techniques, and customer service for distributors from the KRI in Turkey.

During the timeframe of this research project, the service sector in the KRI was still in a development phase, which made it difficult for companies to maintain the upkeep of machines properly. Therefore, TemSA regularly sent members from their technical and service teams in Turkey to inspect and maintain the machines for the companies in the KRI. TemSA also delivered training on how to repair machines and equipment, and, as well as provided information on products to local distributors. F.H. Bertling Logistics created a structured training component that highlighted the company business model, IT system, commercial activities and practical functions, such as how to open up new files and how to create packing lists. The company's safety team also created opportunities for local personnel to learn through experiential learning. Employees learned how to load materials properly onto freight carriers and how to operate safely around large machines. Kale Ceramic provided a combination of structured and on-the-job training. Ulas Gulbay, noted, "Kale Ceramic invites employees who work for the local distributor to attend exhibitions and to visit Kale's factories in Turkey. Members of Kale's export team usually meet at one of our ceramic factories in Turkey to learn about new products and discuss challenges and opportunities regarding their respective markets over a two-day period" (Ulas Gulbay, Kale Ceramic, 2014, Interview, Istanbul).

On-the-job training

Usually companies that did not work closely with business initiatives in the KRI indicated that instead of providing a structured training component, the companies they

represented expected local employees to learn the desired skills and knowledge through structured on-the-job training.

Job-hopping

A few respondents who worked in the sales sector noted that their business partners, positioned in the KRI, experienced a high turnover of sales representatives. One respondent noted that the clothing company he represented frequently had to rehire and train new employees because they were not able to find individuals who were willing to remain employed in the retail sales sector. Another respondent noted that many young people were not interested in a long-term retail position. Therefore, his company preferred to hire more mature sales representatives with the hope that they would remain in the position longer than younger hires.

Employment continuity

There was a general trend among companies who perceived the KRI market to be significant to their business activities to witness a high level of employment continuity. Within this group of companies, it appeared that many of the senior level managers created a cohesive and friendly work environment for employees to provide regular feedback, and to share ideas and concerns about private sector activities. One respondent noted that if a company appreciated their employees, they would pray for the success of the company. The same respondent commented that managers “needed to carry employees on their shoulders” and support their professional development. It was apparent that a few companies created a team oriented environment for employees from the KRI and Turkey. A few respondents indicated that many of the employees who

worked with the main distributors in the KRI had worked with the companies for a long time in part because of the friendly work environment.

8. Development of productive activities for ex-combatants, returnees, and impoverished groups

Human security in the KRI from 1992 to 2003 was challenged by both Saddam's security services and by intra-KRG power struggles between the KDP and PUK. The rise of the Kurdish "de facto State" (Voller 2012, 1002), independent, from the Iraqi central government of Saddam Hussein (1991-2003), was characterized as a period lacking a formal peace agreement, conflict resolution process, serious democracy building and economic reconstruction. During this time period, Kurdish militias, making up the Peshmerga, were under the control of either the Kurdish Democratic Party (KDP), led by the Barzani family, or the Patriotic Union of Kurdistan (PUK) party, led by the Talabani family. Their centers of power were the Erbil and Dohuk (KDP) and Sulaymaniyah (PUK) governorates of the KRI, respectively. Under the protective air cover of Operation Northern Watch, Coalition air forces based in Turkey protected the Iraqi Kurds from the wrath of Saddam's security forces. During this period, the Kurdish militias provided security for their party leaders in a "no war-no peace" unresolved post-conflict power struggle between KDP and PUK. The infighting served to postpone institutional state building and economic development, despite the absence of governance and control from the Baghdad regime. The KRG was formally established on 19 May 1992, but both Barzani and Talabani refused to participate in the new government, preferring to continue to operate their respective mini-states, each with their own armed militias, outside the formal control of the KRG. Cooperation between the two dominant parties collapsed in 1994 when disputes over property, and

control of lucrative revenue and embezzlement opportunities at the Turkey-Iraq border turned violent (Qadir 2007). The rivalry between the two main Kurdish political-military groups morphed into a civil war from 1994-1996 in which thousands were killed (McDowall 1996b, Gunter 1996). The estrangement of the two parties became frigid as foreign patrons supported the polarization of the KRI by providing arms to the actors and intervening in the conflict. The United States and Turkey supported Barzani and the KDP, while Iran and Syria assisted Talabani and the PUK. Turkey mediated between the KDP and PUK when they engaged in armed conflict and invited the parties to Ankara in 1996. Barzani and the KDP allied itself with Saddam Hussein to drive the PUK out of Sulaymaniyah, and seized control of most of Iraqi Kurdistan, before the PUK could recover (Roberts 1996, Yildiz 2007). Those that cooperated, with one of the two ruling parties benefited from patronage relationships, such as government appointments, jobs, loans, scholarships and gifts of government-owned property (Qadir 2007, Leezenberg 2006).

The KDP and PUK militias cooperated extensively with American forces during the 2003 defeat of Saddam Hussein's armed forces and the subsequent U.S. occupation of Iraq. The active role of the Peshmerga militias, in cooperation with U.S. Army Special Forces, drastically reduced the need for coalition conventional forces to participate in the invasion of Iraq. The Peshmerga militias were armed, trained, and equipped by U.S. Special Forces leading up to and shortly after the U.S.-led invasion. The U.S. perceived the Kurds as the only reliable American ally in Iraq. The dissolution of the Iraqi security forces and the de-Ba'athification and demobilization decrees of Ambassador Bremmer in April, 2003, reinforced the importance of the Peshmerga to the coalition forces in Iraq (Diamond 2004). After the defeat of the Ba'athist regime, the U.S. never conducted

a Disarmament, Demobilization and Reintegration (DDR) process for Iraq that included the Kurdish and Shia militias. Instead, priority was given to create a new Iraqi National Army and Iraqi National Police. The result was free reign for the KDP and PUK to control existing KRG territories and joint control, with the Baghdad government over Kirkuk and other disputed areas. Some Peshmerga units even served with the new Iraqi Army organized by the United States.

During this research timeframe, it appeared persons from vulnerable groups, such as widows and children, dislocated farmers, the uneducated, impoverished groups, IDPs, refugees, and skill-less continued to experience only marginal improvements in their conditions. To reduce unemployment and social discontent, much of the workforce was employed by the KRG in a “Saudization” like effort to buy public allegiance and passivity with government appointments, scholarships to foreign universities and other patronage benefits. Many farmers and formerly rural people continued to remain impoverished under the KRG prioritization of urban development over rural development. Many of the rural IDPs remained marginalized due to the lack of capacity building opportunities, poor access to education, and the failure to revitalize the agriculture sector.

After the 2003 invasion and overthrow of Saddam Hussein’s regime, most violence emanating from terrorists and anti-occupation armed groups (ranging from al-Qaeda terrorists to former military officers of the Ba’ath regime) was prevented from spilling over into the KRI by effective security measures. The situation remained safe and calm until 2014 when the robust military forces of Daesh became an existential threat to the KRG. The ongoing sectarian conflict, and the recent Daesh advance in Iraq and Syria,

exacerbated the IDP and refugee situation, forcing many in the region to seek refuge in the KRI (Romano 2005). The International Organization for Migration (IOM) claimed that from January 1 until November 24, 2014, there were two million IDPs in Iraq with nearly half having sought refuge in northern Iraq (IOM 2014). A joint KRG-UN press release, claimed, “The Kurdistan Region of Iraq has become a refuge for nearly a million people of the over two million people displaced in Iraq in just over ten months. This is placing a huge burden on the region’s host community and is severely stretching its social services” (KRG-UN 2014a, KRG-UN 2014b, KRG-UN 2014c). One analysis indicated that Iraq hosted some 214,000 Syrian refugees with the vast majority residing in the KRI (UNHCR 2014b). International aid agencies conducted needs assessments to evaluate the impact of and capacity required for hosting refugee communities in the KRI (WFP 2013, FAO 2013). Some respondents were troubled by the negative impact of the ongoing conflict in Iraq and the civil war in Syria on the resilience of local communities. They noted that the region was known as one of the most tolerant and multi-cultural regions in Iraq. Furthermore, respondents indicated that multiple religions were practiced peacefully in the KRI; however, this peaceful coexistence was likely to disappear as many members of the minority communities immigrated to seek refuge.

Only a few respondents commented on the impact of their project on the development of productive activities for ex-combatants, returnees, and impoverished groups. Some respondents noted that the companies they represented contributed to the development of productive activities by working with local companies and hiring people from the KRI, including IDPs and refugees who sought sanctuary in the region. Several respondents noted that either the company they represented, or the company they

collaborated with in the region, hired Syrian refugees, for both skilled and unskilled positions, due to their lower wage demands and willingness to work, even in difficult conditions. Most respondents noted that as far as they were aware, either the companies they represented, or the companies they collaborated with in the KRI, tended to hire more men than women in the KRI. Respondents indicated that if women were hired, it was not common for them to be offered managerial or technical positions for companies working in the KRI (Dadparvar 2013, Muhammad 2009). However, it was common for women to be part of the managerial team, in Turkey. Respondents noted that female employees tended to fill positions, such as retail sales representatives or kitchen staff in the KRI.

9. Provision of microfinance opportunities

Access to credit is crucial for economic growth, especially in developing regions. By providing small loans or micro loans, people without capital, land or access to conventional loans are able to develop income-earning businesses (KRG, Ministry of Agriculture and Water 2010). In the KRI, the provision of microfinance opportunities was linked to the development of the banking and finance sector, and to the KRG's Law of Investment, enacted in 2006. One of the benefits of the Investment Law was that business representatives, such as factory owners or farmers, could apply to the KRG to utilize land rent-free. According to the Investment Law, the government allocated free or reduced-price land to investment projects that fulfilled the criteria (KRG, Investment Law 2006, Article 4). Further research into whether or not local SMEs own land or equipment would prove supportive for future studies on the provision of microfinance opportunities. During the writing of this dissertation, the banking and financial sector

in the KRG provided minimal commercial and retail banking services. No respondents commented on the impact on the provision of microfinance opportunities.

10. Clarification of property rights

No respondents commented on the clarification of property rights.

11. Macroeconomic development and job creation

Prior to the U.S.-led invasion of Iraq in 2003, the people living in the KRI experienced the detrimental effects of decades of war, sanctions and repression. More specifically, the people of Iraqi Kurdistan experienced forced migration, frequent attacks by the Saddam Hussein regime, including complete destruction of thousands of villages, farms and arable land, (UNDP 2005) as well as a civil war between the two main Kurdish factions, KDP and PUK (Gunter 1996, Stansfield 2005, Stansfield 2010). Furthermore, Iraqi Kurdistan was wedged in between two embargos. Saddam Hussein did not send the goods that were allowed into Iraq under the United Nations Oil-for-Food Programme, to the KRI. Although a formal and competitive business environment was virtually non-existent in the KRI, the private sector developed with modest systems of trade flourishing across Iraq, Syria, Turkey and Iran (Graham-Brown 1999, 172). Many of the small-scale traders formed formal business entities once the international economic sanctions were lifted, in conjunction with the U.S.-led invasion of Iraq in 2003.

During the timeframe of this research project, economic development was one of the strategic goals of the *National Development Strategy* and the *International Compact for Iraq*. As mentioned in the previous chapter, the KRG highlighted four main areas to

ensure macroeconomic development: a stable and secure regional environment for businesses to develop; physical and human infrastructure development of the region; establishment of a liberal business environment conducive for expansion of private sector energy exploitation; and facilitation of private sector development (Invest in Group 2013c, 23). According to Dilshad O. Abubakir, “An underdeveloped private sector in the KRI created a big window of opportunity for companies and institutions from neighboring countries in terms of helping the region to build and progress albeit while earning huge monetary revenues” (Dilshad O. Abubakir, USAID/Iraq, U.S. Consulate General Erbil, 2015, Interview, Skype). Many respondents remarked that their export and business initiatives contributed to economic development in the KRI. It was apparent the expansion of the education, energy, finance, health, and transport sectors aided economic growth. Respondents indicated that the modernization of customs regulations had a significant impact on their business activities and the availability of quality of products and services. Respondents also stressed government support to local businesses and collaboration with local partners, and the development of the banking and finance sector and emergence of the insurance sector were important to strengthening the local private sector and ensuring growth in the KRI.

Modernization of customs regulations

All serious legal cross-border traffic between Turkey and Iraq passed through the Habur-Zakho border crossing point, located near the towns of Sirnak in Turkey and Dohuk in the KRI. Although officially part of Iraq, the border crossing point was operated by the KRG, specifically by the cadres responsive to the KDP under the leadership of the ruling Barzani family (Demir 2007). The control of the only major land border crossing between the two counties by the KDP, since the early 1990s, was

indicative of how traditional networks remained powerful in the KRI. Any customs duties collected at the border crossing went only to that portion of the KRG controlled by the KDP. The PUK had a similar arrangement for the other border crossings with Iran. Other than oil remittances from the central government in Baghdad, customs duties on legal and illicit trade, estimated at \$750 million annually, were the largest source of income for the KRG (Chorev 2007, 4). The diversions of customs duties, away from the public treasury, was problematic and, undoubtedly, reduced available revenues needed for both human capital and infrastructure development in the KRI.

Within Turkey, there was a serious effort, led by TOBB, to facilitate efficient management of trade flow by initiating a modernization process at Turkish border crossings over the last decade. In a presentation given to an international transport conference, a representative from TOBB indicated that through a private-public partnership, the modernization of border crossings is an, “effective fight against smuggling and human trafficking” (TOBB 2013, 13). There were zero costs to the government as the project was undertaken by private investment and routine customs control was led entirely by customs officials and border police (TOBB 2013, 13). Companies exporting to Iraq needed to possess two sets of customs documentation, one for each country. Several respondents commented that it was important to complete all of the forms correctly and to keep all of the required documentation for customs clearance organized in order to not to slow down the customs process. Another respondent noted the company he represented utilized a local consultant to expedite the inspection process and delivery time.

Every day, thousands of trucks, transporting Turkish goods to the KRI and greater Iraq, clogged the Habur-Zakho border crossing. At times, truck traffic transit into Iraq via the Habur Gate was backlogged for as much as 21 days (USG, Adana 2007). Since 2011, the media reported that the Turkish government, in cooperation with Iraq, planned to open four additional border crossing points into the KRI (Serez 2011, Anatolia News Agency 2011). One border crossing was supposed to open in 2013; however, to date, none of the announced border crossings into Iraq have been opened for mysterious unknown reasons. Apparently, the Iraqi central government prevented the opening of additional border crossings in order to leverage Turkey and the KRG to agree to Baghdad's terms on oil sales (Anonymous Expert on Cross Border Issues, 2014, Interview, Telephone). While the automation of custom forms expedited exports from Turkey, there were suspicions that the customs process remained corrupt (Oktay Salih 2009). One report on public perceptions of bribery and corruption indicated that Turkish people rated customs bribes as the most widespread and expensive of all bribes (Adaman, Carkoglu, and Aenatalar 2001).

Banking and finance sector

The banking and finance sector in the KRI expanded significantly over the past decade. From 2004-2009, the number of private banks increased from 16 to 24 banks, which “raised the size of their capital to about ID 2,012.280 billion by the end of 2009” (KRG, Ministry of Planning 2011, 41).^{xii} The banking sector received 16.67 percent of the economy's overall capital investment. Five major Turkish banks (Ziraat Bank, Vakifbank, Is Bank, Al-Baraka Bank and Bank Asya) were approved by the Banking Regulation and Supervision Agency to begin operations. The KRI did not experience a downturn in growth during the 2008-2009 global economic slowdown because, at the

time, investors did not rely on the banking system, and the booming oil sales and an expanding housing market contributed to high and relatively quick gains for investors. However, despite the development of the banking and finance sector, the region continued to face difficulties, due to the lack of an advanced financial infrastructure and capital markets, and over dependence on the oil sector for GDP, making it complex and risky for investors to secure growth. The economic crisis that hit the KRG in March, 2014, resulted in banks depleting their cash, local contractors filed for bankruptcy, and some Turkish companies stopped working in the KRI, either temporarily or permanently. Furthermore, the need for sophisticated retail banking to meet the demands of the economy, including providing lending opportunities to keep businesses afloat, remained.

Respondents who undertook export or business initiatives at the beginning of this research project commented that they had difficulties receiving and sending funds to/from Turkey, particularly payments, due to the lack of a modern banking sector in the KRI. One respondent noted that he resorted to carrying cash payments in black bags across the border while another respondent would bring cash back to Turkey on airplanes. Respondents who operated at the latter portion of the research timeline indicated that the companies they represented benefited from the development of the banking and finance sector. Several respondents noted that it became easier to operate in the KRI because of the presence of Turkish banks. Turkish companies were able to receive and send payments easily through bank wire transfers. Oftentimes, distributors collected cash from their subcontractors or retailers, and then wired payments through a bank to the main parent company in Turkey.

Respondents argued that given the uncertain business environment in the KRI, it was more secure to operate on a prepayment or cash basis. Several respondents noted that the companies they represented only provided goods after they had received prepayment for the items. One respondent noted, “Don’t touch northern Iraq unless you are paid in cash before doing business” (Anonymous Senior Executive, 2014, Interview, Istanbul). Many representatives noted that they worked with either bank guarantees or letters of credit to ensure payments. Letters of credit ensured that a transaction proceeded as planned; whereas, a bank guarantee reduced the loss if the transaction did not proceed as planned. Banks provided a letter of credit, which then made a payment once certain financial criteria was met, and as long as the services agreed to be performed. A bank guarantee, also given by banks, was a line of credit guaranteeing a sum of money be paid only if the opposing party did not fulfill the stipulated obligations under the contract. According to Baybars Velibeyoglu, “The distributor in Iraq, Nur Gida, works with bank guarantees with local distributors” (Baybars Velibeyoglu, Eti, 2014, Interview, Istanbul). Jeff Hakko, from Vakko, noted, “Vakko requires the distributor to work on a credit basis of 90 days with a Turkish bank. This also includes providing a bank guarantee” (Jeff Hakko, Vakko, 2014, Interview, Istanbul). Soner Cakilkaya, commented, “Ege Ceramic works with ten year guarantee periods” (Soner Cakilkaya, Ege Ceramic, 2014, Interview, Istanbul). Muzaffer Akboga, “Turkish banks, located in northern Iraq, usually did not provide lines of credit or bank guarantees, which made it difficult to work with local distributors and clients” (Muzaffer Akboga, TemSA, 2014, Interview, Istanbul). Another respondent commented that because of the lack of sophisticated banking in the KRI, some companies worked with banks from Dubai instead of Turkish banks.

Insurance sector

The development of the insurance system was another theme that emerged from the collection of empirical data. The regulation of the insurance sector in Iraq dated back to Law No: 74 in 1936; however, the insurance sector became almost non-existent in the 1980s due to the economic and security crises that hit the country due to the Iraq-Iran War, the Iraqi invasion of Kuwait in 1990, international sanctions, and the U.S.-led invasion of Iraq in 1991. Even though several amendments were made to provide better regulation of the insurance industry, the sector only saw a revival after the U.S.-led invasion in 2003. Since 2005, the insurance sector was regulated by the Insurance Business Regulation Act, which broadened the scope of the sector (World Bank, 2005). The Iraqi Insurance Diwan was the sole authority capable of granting licenses, and provided the legal framework for the Iraqi central government to oversee insurance activities in Iraq (Al-Jumaili 2012).

Within the KRI, the Ministry of Finance was designated to oversee the framework for licensing procedures, and to hold insurance companies accountable to the laws of the KRG. Foreign and local insurance companies were allowed to operate within the KRI, so long as they adhered to the laws of the region. Regulation No: 19 of 2011 required insurance agencies to formally register with the KRG to obtain a license to practice all insurance activities. An insurance company was required to submit an application, provide a non-refundable payment of 5 million ID,^{xiii} pay 30 percent of the annual profit to the Ministry of Finance, employ at least 50 percent of the citizens of the KRI for the first three years, and ensure employees were trained in the insurance sector. Foreign companies had to have experience in the insurance sector of not less than 10 years. Local companies had to be joint stock companies and have a minimum share capital

amount of 25 billion ID, which could be made in two installments within a period of two years for all types of insurance.^{xiv}

Despite the growth of the economy and increase in commercial activity within the KRI over the last decade, the insurance sector remained largely underdeveloped. One respondent noted, “The nonexistence of insurance and the security situation makes it difficult for companies to work in Iraq” (Muzaffer Akboga, TemSA, 2014, Interview, Istanbul). Another respondent noted that it was possible to acquire insurance, but it was either too expensive or did not provide the kind of coverage the company needed. During the timeframe of this research project, the following types of insurance were available: insurance for assets including property insurance, political risk insurance, marine cargo and goods in transit insurance, inherent defects insurance, erectors all risks insurance, and constructors all risks insurance; insurance for operations including directors and officers liability insurance, comprehensive general liability insurance, employers liability, and auto liability; insurance for individuals including: personal accident/medical and gap cover on personal insurances; and specialist classes including trade credit, bonding and surety, and energy and aviation (MDC Holding – Iraq Development Company 2010). Respondents noted that auto insurance, health insurance, and transport insurance still needed to provide a higher level and more encompassing coverage in the KRI.

Auto insurance

Even though the automotive sector expanded and the amount of cars that were purchased increased, auto insurance was still a relatively new concept. Several respondents noted that the KRG ought to require eligible drivers to acquire auto

insurance. Another respondent commented that large companies in the region usually had company cars, and would be more secure if the cars were insured for theft or damage. Another respondent noted that the KRG might consider providing car owners a minimum level of coverage.

Health insurance

In part, due to the government providing public health care, and the expansion of private hospitals, the demand for private health insurance only recently emerged. Usually, families who could afford to would travel abroad or paid cash for medical treatment. Idris Sariaydin, noted, “Patients usually use cash to pay for hospital visits because there is no viable insurance system in place” (Idris Sariaydin, Acibadem Healthcare Group, 2014, Interview, Istanbul). Another respondent noted that patients often felt apprehensive to pay for medical insurance since they might not benefit from the coverage unless an unexpected emergency arose. Some respondents commented that it was important the KRG develop an inclusive policy framework to provide equitable and modern health care to people living in the KRI (Tawfik-Shukor and Khoshnaw 2010, 20). The public health sector in the KRI became overburdened due to the economic crisis and increase in IDPs and Syrian refugees beginning in late 2013/early 2014 (Kulaksiz 2015).

Transport insurance

Many respondents noted that the company they represented did not pay for transport costs or insurance for products transported from Turkey to Iraq. Acquiring insurance in Turkey, particularly transport insurance, was easy and affordable; however, respondents noted that they were unable to acquire full coverage for goods once they were

transported inside Iraq. Muzaffer Akboga, noted, “TemSA usually pays for the insurance of products from Turkey to Iraq. Then, the local distributor covers the products and arranges the transportation from the border to their showroom in Erbil or to local clients” (Muzaffer Akboga, TemSA, 2014, Interview, Istanbul). Therefore, the clients based in Iraq generally accepted full responsibility of transporting products from factories in Turkey to the KRI market. However, oil and gas companies were willing to hire companies, such as F.H. Bertling Logistics and Catoni, to transport highly sensitive materials the entire route from Turkey to the KRI and vice versa.

Increase in standards and quality of products and services

Another theme that emerged was the perceived impact of an export and business initiative on the increase in standards and quality of products and services that were expected by the KRI market. One respondent noted that the company he represented demonstrated the necessity to demand high standards and inspect products to local distributors. Muzaffer Akboga, commented that, “The services sector in Iraq is still developing. Oftentimes, it is difficult for companies to maintain the upkeep of machines properly. Therefore, our company regularly sends technical and service teams to inspect and maintain the products for the companies in northern Iraq. Our company has contributed to economic development, increased the level of quality of products, standards and regulations in the region” (Muzaffer Akboga, TemSA, 2014, Interview, Istanbul). Harun Ulufi, argued, that by simply gaining visibility in the KRI, “SPK has increased the standards for pipes and associated materials in the northern Iraq market” (Harun Ulufi, SPK Pipes and Fittings, 2014, Interview, Istanbul).

Support for local businesses

Several respondents noted that the company they represented supported local businesses in the KRI. Most companies who exported to the KRI used labels in Kurdish and Arabic; however, only a handful of Turkish companies interviewed insisted on supporting local companies within the KRI to develop and grow their own brands. One company owner indicated that he recommended local distributors create their own brand, use labels with Kurdish, Arabic and English written on them, and sell the products with their own labels, rather than the Turkish company's brand name. The respondent believed it was important to contribute to the promotion and development of local companies in the region. Some respondents indicated that it was crucial for the growth of the economy to see an expansion of the local private sector and its detachment from business activities of the government. A few respondents argued that it would be beneficial to the local private sector if the manufacturing capability especially for low-cost products improved in the KRI.

Collaboration with local partners

Some respondents indicated that the companies they represented worked closely with their partners positioned in the KRI. In order to increase sales and gain a competitive advantage in the KRI, Arcelik A.S., Eti, and Tamek, in partnership with their partners positioned in the KRI, established marketing strategies each year. Respondents noted that their marketing plans included a market analysis of the KRI, product development, branding, pricing and implementation of business strategies. Many respondents who contributed to joint marketing efforts noted that members of their company marketing teams often traveled to the KRI to decide on product placement and display locations for billboards, television ads, and radio advertisements in collaboration with their local

partners. Regarding the KRI market, Aybars Velibeyoglu, noted, “Eti and Nur Gida advertised their products over the radio, on billboards, and on the television” (Aybars Velibeyoglu, Eti, 2014, Interview, Istanbul). Some companies, which perceived the KRI to be significant for their business activities, worked with consulting firms to better understand the local market.

It was apparent that oftentimes, companies in Turkey relied heavily on their business partners positioned in the KRI to provide insight on which products were the most marketable in the local market. Furthermore, respondents indicated the business entity positioned in the KRI understood local purchasing behaviors and preferences and, therefore, had a good understanding of which products would sell best in the KRI and in the other Iraqi governorates. According to one respondent, the local distributor would choose which items to sell in Erbil, because they had a better grasp of local consumer preferences. One respondent commented that they only exported products that the local staff believed were appropriate for the region. One respondent gave an example that clients from the KRI generally preferred grey and white pipes; whereas, clients from other regions in Iraq preferred green pipes. Another respondent noted that his clients in the KRI preferred colorful tiles. Another respondent noted that in general, local affluent customers preferred to buy high-end items. Respondents confirmed that it was important to work closely with the business entities positioned in the region as they usually had a better understanding and insight into the culture and consumer preferences.

Job creation

Over the past few years, the KRG initiated several programs to create job opportunities in the private sector and reduce unemployment. In 2011, the Ministry of Labor and Social Affairs, in partnership with the private sector, launched a program called, “Jobs for Everyone Programme,” and was expected to create job opportunities for unemployed graduates of colleges and institutes from the region (Doosky 2001). In 2013, a “Kurdistan Careers” event was launched to facilitate introductions for job seekers with potential employers from the private sector. In addition, in 2013, the Prime Minister’s Office launched a website called “Kurdistan Works” to pair job seekers with employers in the private sector. Research into these three initiatives, “Jobs for Everyone Programme,” “Kurdistan Careers,” and “Kurdistan Works” did not produce quantitative data on whether any jobs were created because of the programs and, if so, how many. Respondents believed that they contributed to job creation by either working directly in the KRI or with a partner positioned in the KRI. Respondents indicated that they witnessed changes in the labor force and commented on hiring local staff. Apparently, local skilled employees had an advantageous knowledge of local and regional languages including a high-level proficiency in English. Local professional personnel had work experience yet, lacked adequate managerial skills and knowledge of international products. Furthermore, respondents noted that the most recent political and security developments created a diverse labor market in the KRI.

Changes in the labor force

The labor force in the KRI changed significantly over the past three decades. In the 1980s, the destruction of the agriculture sector, and forced migration by the Saddam Hussein regime, caused many Iraqi Kurds to flee to surrounding countries, such as Iran

and Turkey, and to Europe, while others became IDPs and sought refuge in urban centers in the KRI. As mentioned in Chapter 4 – Impact of the Turkish Construction Sector on Economic Security in the KRI, the quality of education in the KRI increased dramatically over the last decade. In order to meet the demands of the increased compulsory school levels, the KRG expanded the number of secondary and postsecondary education institutions. Since its self-governance in the 1990s, the KRG strived to provide educational opportunities for both girls and boys. For instance, the enrollment of female students in both two-year and four-year higher-education institutions also expanded to meet the demands of the international private sector (Shatz et al. 2014, American University of Sulaymaniyah 2013). In 2012, women accounted for fifty-four percent of total enrollment in post-secondary technical education, an increase from forty-six percent in 2007. In 2012, women accounted for fifty percent of enrollment at the university level, up from forty-five percent in 2007 (Shatz et al. 2014).

In order to prepare the local labor force to meet the demands of the international private sector, the Turkish private sector respondents noted that the development of the education sector was the most important factor. One respondent noted that it was crucial for the KRG to invest in human capital development. Another respondent commented that he noticed the importance given to the expansion of higher-level education since he started to work in the KRI in the 1980s. Mete Gurel, noted, “The KRI will have a strong local workforce because of the investment the KRG is putting into human capital” (Mete Gurel, Dogan Holding, 2014, Interview, Istanbul).

Hiring local staff

One trend that was apparent among the Turkish companies who undertook export or business initiatives in the KRI was that they were willing to hire local personnel. Many respondents commented that they preferred to work with locals rather than expatriate employees. One respondent noted that local staff understood the market better and were able to navigate cultural sensitivities. Many of the Turkish companies who perceived the KRI market to be important for their business activities encouraged partners, positioned in the region, to also hire local staff. One respondent commented that in the KRI, the distributors mostly hired Iraqi Kurds. Mete Gurel, noted, “Our partner company, DNO, hired local staff to fill positions as managers, administrative staff, secretaries and drivers” (Mete Gurel, Dogan Holding, 2014, Interview, Istanbul). Another respondent noted that sales associates, accountants, employees in warehouses, logistics, and marketing associates were mostly Iraqi Kurds. Jeff Hakko, noted, “The distributor hires local Iraqi Kurds to work in the W Collection and Vakko stores” (Jeff Hakko, Vakko, 2014, Interview, Istanbul). Other respondents such as Bilal Demirler, indicated there was, “low quality of human resources in the region” (Bilal Demirler, Faruk Medical City, 2015, Interview, Istanbul), however the company he represented changed hiring practices over time. Demirler further noted, “In partnership with Faruk Holding, we mostly employed Turkish citizens at the beginning of our project timeline. We started to employ more local staff as the hospital project progressed” (Bilal Demirler, Faruk Medical City, 2015, Interview, Istanbul). Another respondent noted that the company he represented had two main criteria for hiring locals: One - the family; and Two - their credentials, such as knowledge of multiple regional languages.

Skilled labor

Three major observations regarding local skilled labor emerged from the data. Respondents indicated that local skilled professionals had a good command of local and regional languages. Apparently, new entry local skilled personnel had little work experience and weak managerial skills. However, they had strong technical and English language skills. Concerning positions within the export sector and other related business initiatives in the KRI, local skilled employees usually filled positions, such as sales associates, managers, accountants, translators, marketing associates and administrative staff.

Knowledge of local and regional languages

Respondents were generally satisfied with the ability of local skilled staff to speak local languages and other regional languages, including Turkish.^{xv} One respondent commented that there were many opportunities to take language courses at local universities or cultural centers. Another respondent noted that it appeared, young people, especially, those with university experience, were willing to learn another language, particularly if it helped them increase their employment opportunities. One respondent noted that his brother took a Turkish language course before applying to Turkish companies because he believed it would help his employment prospects if he had a good command of Turkish. Subsequently, the gentleman obtained a senior-level position with a Turkish company in Sulaymaniyah. One company representative commented that the company he represented had an IT system, in Turkish, which sales representatives positioned in the KRI utilized on a daily basis, without difficulty. Another respondent noted that the company he represented hired a Syrian Kurdish

employee to manage the local office in Erbil, in part, because he had considerable professional experience and was fluent in several regional languages.

Work experience and managerial skills

Another trend that emerged from the interviews was that although local staff had previous work experience, they often did not have adequate managerial skills. One respondent noted that the people in the KRI were well educated, particularly the younger generation, yet, they still needed more practical experience to fill senior-level positions in the international private sector. Respondents noted that local skilled employees needed to improve their computer skills and communication techniques. Oftentimes, local skilled employees learned new computer applications, such as how to create Power Point presentations, and how to use flow charts by working closely with their Turkish colleagues. A few respondents who worked closely with partners positioned in the KRI believed that the managerial skills and professionalism of their local counterparts increased after working closely with the Turkish parent company.

Technical and English language skills

Although only a few respondents commented on the technical and English language skills of local skilled staff, the responses were positive. One respondent noted he visited public schools and was impressed with the proficiency of the student's English skills. Apparently, many of the teachers were native or fluent English speakers, so the students learned how to speak properly, and not only learned grammar, but were also able to speak well. Another respondent commented that the local skilled staff usually had a good understanding of English and had very little difficulty speaking in English.

Unskilled labor

Two main themes regarding local unskilled labor in the KRI emerged from the empirical data. Respondents noted that local unskilled labor were proficient in both local and regional languages. Respondents also indicated that the population of the KRI increased significantly because of the on-going conflicts in Iraq and Syria. The influx of IDPs and refugees expanded the numbers of job-seekers and talent pool in the labor market. Local unskilled labor positions within the export sector and related business initiatives usually consisted of truck drivers, delivery assistants, laborers at a warehouse, stock persons in grocery stores, and security guards.

Knowledge of local and regional languages

Respondents noted that local staff generally had a good command of indigenous and regional languages, including Turkish. Oftentimes, respondents did not interact with unskilled employees as often as with skilled employees. Therefore, respondents indicated that it was not as important for local unskilled employees to be highly proficient in Turkish and other regional languages.

Diverse labor force from the region

Due to the ongoing conflict in Iraq and the civil war in Syria, there was an influx of refugees and internally displaced persons in the KRI. The Turkish business entities engaged and positioned in the KRI oftentimes hired unskilled workers from these communities to fill positions, such as drivers, kitchen staff, laborers at a warehouse or stock persons in grocery stores.

12. Establishment of social safety nets

Only one respondent commented that the companies represented in this research project contributed to the establishment of social safety nets by paying into the social security and contributions program.

13. Provision of well-coordinated, predictable, and multifaceted aid

As mentioned in Chapter 4 –Impact of the Turkish Construction Sector on Economic Security in the KRI, in 2008, a group of development practitioners and government representatives, convened to establish “rules, regulations, processes and institutions to guide design, quality control, strategic orientation, effective and efficient implementation, monitoring, evaluation of projects, as well as recording and reporting on funding to the general public” (KRG, Ministry of Planning 2008, 7). In 2008, the KRG established the External Resources Management Unit within the General Directorate for Development Coordination and Cooperation at the Ministry of Planning. A Donor Assistance Database was installed to oversee the project funding flow and to generate reports, charts and maps to document the development impact of the projects funded by external resources. The Kurdistan Development Management System, a comprehensive web-based application that managed the whole cycle of government and donor-funded development projects in the KRI, was established by the Ministry of Planning, USAID/Tatweer, the UNDP and Synergy International Systems and was owned and hosted by the General Directorate for Development Coordination and Cooperation. Similarly, international non-governmental organizations and local NGOs collaborated with the KRG to implement capacity building projects in the KRI (Genot 2009-2010). The General Directorate for Development Coordination and Cooperation published a series of reports on the contributions of the donor community to ensure the

proper implementation of strategies to promote human security and to prevent wasting of resources. Furthermore, the *Kurdistan Vision 2020 Development Strategy* provided strategies to enhance and reform the following areas: agriculture and agro-industry, budget, civil service, communications, education, effective and honest government, electricity, environmental protection, health, housing, inclusive society, labor market, private sector development, transportation, water and sanitation (KRG, Ministry of Planning 2013). According to Abubakir, “Working with international institutions such as the World Bank, United Nations Development Programme, South Korea International Cooperation Agency, Japan International Cooperation Agency, U.S. Agency for International Development, and others has made the KRG think about setting standards for development as well as learn best practices to develop its *Kurdistan Vision 2020 Development Strategy*. The lack of indicators and standards in the KRI make it almost impossible to measure the impact of development and humanitarian aid. With the *Kurdistan Vision 2020 Development Strategy* in place, the KRG wanted to empower itself to build up and develop not only the infrastructure and economy of the region but also to build and develop the capacity of the population too. Given the continuous political tensions between Baghdad and Erbil over oil and gas issues as well as the security situation and the country’s engagement with a counterterrorism war, it is too early to see any tangible results of the implementation of the *Kurdistan Vision 2020 Development Strategy*” (Dilshad O. Abubakir, USAID/Iraq, U.S. Consulate General Erbil, 2015, Interview, Skype). No respondents commented on whether there was an impact of the provision of well-coordinated, predicable, and multifaceted aid.

Interviews with NGO members, positioned within the KRI, were undertaken to inquire about the provision of well-coordinated, predictable, and multifaceted aid. Respondents

indicated that the KRG struggled to meet the needs of vulnerable people from the KRI, internally displaced persons (IDPs) from other parts of Iraq, and refugees from Syria, because the KRG did not have the capacity or adequate financial assistance to provide substantial support to these groups (Representative from international faith based organization in Erbil, 2014, Skype). Abubakir noted, “The KRG’s dependency on the 17 percent federal share of the Iraq’s public budget which is determined by petroleum production and sale, positions itself in a difficult situation. The KRG spends about 65 percent of its operational budget on its employees’ payroll and salaries allowing for it to operate and invest with the remaining 35 percent of the budget, which is admittedly not enough to address other issues, let alone IDPs and vulnerable groups who sought refuge in the KRI” (Dilshad O. Abubakir, USAID/Iraq, U.S. Consulate General Erbil, 2015, Interview, Skype). IDPs from rural areas had little reason to return to their devastated homes of origin since the majority of capacity building and infrastructure improvements occurred in urban areas while comparatively little inputs were given to revitalize rural areas and indigenous agriculture. In 2014, Daesh took control of large swaths of land in Nineveh governorate, one of the highest-producing areas for agriculture crops, including the farm-to-market road network and oversaw the production of crops such as wheat (Fick 2014). A significant portion of Nineveh province, was deeply affected by conflict, thus disrupting domestic production and supply and forcing communities to flee their homes (Ali 2015).

Conclusion

Under the Saddam regime, Iraq, including the KRI, followed a state-socialist government-led economic model. The tariffs that the Saddam regime enacted, and the double sanctions the KRI experienced, one by the United Nations, and the other by the Saddam regime, made it difficult for imports to enter the KRI market. After the U.S.-led invasion of Iraq, in 2003, local industries were underdeveloped and struggled to compete with Turkish competitors. The almost complete dependency on food products imported from Turkey by the KRI was a threat to food security. It was ultimately a national security issue which motivated the KRG to proclaim higher taxes on certain food items to protect and promote indigenous agricultural products. However, without a more robust and diverse economy, a strong and independent local private sector and industry, the KRG still found itself a rentier state, completely dependent on oil income transfers from Baghdad (Gray 2011, Bozcali 2008).

During the timeframe when interviews were conducted economic security in the KRI was severely compromised. The ongoing dispute between Erbil and the central government of Iraq, in Baghdad, over the KRG's plan to directly market and sell their own natural resources, especially oil, triggered Baghdad's refusal to disperse 17 percent of the federal budget to the KRG. The failure of Baghdad to transfer the funds to Erbil and the subsequent global drop in the oil price per barrel, resulted in the subsequent inability of the KRG to pay their debts and the salaries of civil servants including the Peshmerga who were at war with Daesh. The withheld payments to the construction and contractors supplying services had a negative ripple effect on the local private sector. Towards the end of the research timeframe, Baghdad and Erbil came to a temporary agreement on revenue sharing of oil exports. Soon after the agreement, Baghdad

dispersed a partial payment of \$500 million of the total amount owed to Erbil which enabled the KRG to pay some of their bills. However, without a complete agreement between Baghdad and Erbil, the KRG was unable to facilitate the renewal of economic activity (Mamoun 2014). War, the second obstacle to economic security in the KRI was a burdensome reality created by the rise of Daesh in Iraq and Syria, which caused many people inside Iraq and from Syria to seek refuge in the KRI. The intimidating presence of Daesh in northern and western Iraq constituted a major security threat, and left many Turkish private sector representatives wondering about the level of security and stability in the KRI (Cali 2015, Dombey et al. 2014). The Daesh control over the major road going south towards Baghdad disrupted internal trade and increased transportation costs for all concerned.

Chapter 6 – Conclusion

Introduction

As was mentioned at the beginning of this dissertation, I became interested in undertaking this research project because of a “Track II” initiative that I helped organize in 2009. I was curious what the increase in economic cooperation between Ankara and Erbil meant for human security in the Kurdistan Region of Iraq (KRI). I wanted to understand how to capitalize on the newly established liberal economic framework of the Kurdistan Regional Government (KRG), and how to leverage the Turkish private sector to enhance human security in the KRI. Due to the longstanding traditional security narrative surrounding Ankara-Erbil relations, this thesis began by discussing the academic discourse on conventional security studies. Chapter 2, entitled Review of the Literature further highlighted in what way critical security studies, particularly human security provided a more holistic perspective of the deepening and widening of Ankara-Erbil relations and regional developments over the last decade. The theoretical agenda, woven throughout the thesis, was firmly grounded in a broad approach to human security, which maintains for the right for individuals to live in “freedom from fear and freedom from want” and to live a life of dignity. The concept of economic security, one of the seven pillars of human security, served as the main theoretical lens of the thesis. The framework that was utilized in this research project included thirteen conditions in which to assess the impact of the international private sector on economic security in fragile and conflict-affected states. Where the literature on economic security had gaps, the arguments and analysis turned to the literatures on development economics, peace economics, and peacebuilding. By synthesizing literatures, I aimed to widen the discussion on human security, sustainable peace and development and the role of the international private sector in fragile and conflict-affected states. Chapter 3,

entitled, Contextual Framework highlighted the AK Party's practice of working closely with the Turkish private sector as an extension of its foreign policy in the Middle East, particularly in the KRI. The chapter also touched on the growing interdependence of Ankara-Erbil economic relations and the liberal business framework that the KRG established to encourage the international private sector to operate in the KRI. The two empirical chapters provided key insight into the engagement of the Turkish private sector in the KRI. Chapter 4, entitled, the Impact of the Turkish Construction Sector on Economic Security in the KRI, included empirical data on the construction sector in the KRI, the presence of the Turkish construction sector in the KRI and the impact of the Turkish construction sector on economic security in the KRI. Chapter 5, entitled, Impact of the Turkish Export Sector and Associated Business Initiatives on Economic Security in the KRI, comprised on an overview on the KRI's overdependence on imports, and the presence and impact of the Turkish export sector and associated business initiatives on economic security in the region. Overall, more than 100 interviews were conducted with representatives from academia, civil society, government, media, private sector, and the policy community to gain further understanding of the two case studies and research questions.

This concluding chapter will review the thesis statement, key objectives of the study, the main research questions, and the importance of the dissertation topic. The chapter will then review the main body of work, with an analysis of the empirical data, which includes an assessment of the measurement of the Turkish private sector's activity in the KRI, from 2004 to 2014, against the economic security indicators. The chapter will also provide insight into the possible theoretical implications of the research project before moving on to the potential policy implications of the study. Lastly, the chapter

will include an overview of recommendations for further research, and conclude with the overall relevance of this research project.

Thesis statement and research questions

Considerable evidence found that a multidimensional economic security framework, one that harnessed the presence of the international private sector, had the potential to enhance human security in the KRI. In this light, this research project set out to explore to what extent has the Turkish private sector had an impact on economic security in the KRI? The two case studies sought to answer the following sub-questions: What impact has the Turkish construction sector had on economic security in the KRI? And What impact have the Turkish export sector and other business initiatives had on economic security in the KRI? As mentioned in Chapter 3, entitled, Contextual Framework, the discourse surrounding Turkey-KRG relations is predominately framed by a traditional security lens or realist approach. Turkey has historically been concerned with the possibility of a Kurdish nation emerging within Turkey, or an autonomous region materializing on its border; the constant threat of the armed PKK operating from the remote Qandil Mountains of the KRI; the internal unrest of its own Kurdish population; the insecurity of the Iraqi Turkmen; and, finally, the territorial integrity of Iraq. The termination of the United Nations' economic sanctions on Iraq, and the end of the Ba'athist regime's internal sanctions on the KRI, along with the KRG's establishment of a liberal business environment after the 2003 U.S.-led invasion of Iraq, opened up the region to free trade with its neighbors. Turkish companies capitalized on their close proximity to the Iraqi market, pent-up consumer demand in the KRI, the trans-border mercantile culture of the Turkish and Iraqi Kurds, and the existence of experienced local SMEs to progressively expand their penetration of the KRI market (Olson 2006, Barkey

2005, Park 2005, Gorener 2008). The Kurdistan Region was recognized as a formal federal entity of Iraq in the Iraqi Constitution in 2005. This was an important development for Turkey-KRG economic relations because it became easier for Turkish companies to negotiate and sign agreements within the legal framework of government agencies in the KRG without the need for approval from the central government in Baghdad. The determination of the KRG to establish a friendly business and investment climate, coupled with the entrepreneurial spirit of the Turkish private sector and the normalization of relations between Ankara and Erbil, have resulted in significant economic cooperation that would have been unthinkable a decade ago.

Main findings of the thesis

This research project highlighted Ankara's progression away from an emphasis on traditional security concerns to a significant expansion of diplomatic and economic relations between Turkey and the KRG. During the first half of the research project timeline (2004-2008), despite good governance challenges, the Turkish private sector flocked to the KRI because of the relatively secure environment, the KRG's experience running a de facto independent region and the newly established liberal framework that was meant to cater to the international private sector. During the second half of the research timeline (2009-2014) there was an enormous spike in the expansion of economic cooperation between Ankara and Erbil. However, based on the empirical data it appeared that knowledge transfers of technical and professional skills by Turkish companies to their local counterparts and labor force in the KRI was not significant. It seemed that although Turkish construction and export companies were the biggest players in their respective sectors, they did not contribute extensively to local human capital development and failed to limit outsourcing of project administration to the local

labor force. The failure to seize these opportunities, to develop lasting human resources and government competency in project management, was a serious failure. Due to ongoing civil wars in Iraq and Syria and the expansion of Daesh in the KRI, continuing disputes between Erbil and Baghdad, and the economic and humanitarian crises in the KRI, the potential impact of the Turkish private sector on economic security, in the later portion of my research timeframe was severely compromised. Therefore, macro conditions related to economic security significantly influenced the behavior of the Turkish private sector in the KRI.

The economic security framework provided the best qualitative avenue to analyze and measure the dynamics between the Turkish private sector and human security in the Kurdistan Region of Iraq. Analysis of primary data from interviews that were conducted for this research project, and secondary data from sources such as journal articles, books, data sets, news reports, and observation of developments in the region led to the conclusion that the Turkish private sector both enhanced and constrained economic security in the KRI during the research period, 2004 to 2014. The Turkish private sector appeared to have enhanced some conditions of economic security. For instance, Turkish companies led a significant segment of infrastructure recovery and restoration of access to basic services in the KRI. Export companies aided in the dismantling of a war economy and illegal economic networks by participating in the pre-inspection process. Turkish companies provided professional opportunities for people through training, skills development and empowerment. The Turkish private sector seemed to have constrained some conditions related to economic security. Turkish companies rarely contributed to job creation or to the establishment of public and private sector employment, wage employment and self-employment. The impact of the Turkish

private sector on public-private relations appeared to have had a varied impact. Moreover, there were some economic security conditions such as basic income and poverty alleviation, rehabilitation and diversification of the agriculture sector, provision of microfinance opportunities, clarification of property rights, development of productive activities for ex-combatants, returnees and impoverished groups, macroeconomic development, and provision of well-coordinated, predictable, and multifaceted aid, where the Turkish private sector appeared to have had minimal impact if any at all. Due to the KRG's establishment of a liberal economic framework and the lack of requirements for the Turkish private sector to invest in KRI human capital, it was largely left to the discretion of these companies to contribute to economic security. There appeared to have been no serious intention, on the part of the Turkish companies, to prioritize their corporate resources to support the advancement of human/economic security in the KRI. The relationship between Turkey and the KRG seemed beyond beneficial to Ankara possibly at the expense of socioeconomic development in the KRI (Cagaptay, Bache Fidan, Sacikara 2015, Al-Sharikh 2011). The following section will synthesize the empirical findings, which included an assessment of the measurement of the Turkish private sector's activity in the KRI, from 2004 to 2014, against the economic security indicators.

1. Public-private relations

The engagement of the Turkish private sector in the KRI appeared to have had a mixed impact on public-private relations. Companies from Turkey that engaged in construction activities generally communicated directly with consulting firms, rather than interfacing with KRG officials. Even if these companies worked with KRG ministries, it was usually only at the initiation and completion of projects. Therefore,

weak lines of communications between the relevant ministries and representatives from the Turkish construction sector compromised the possibility to deepen understanding and cooperation between all relevant stakeholders. Furthermore, bureaucratic obstacles and challenges created by the government appeared to have contributed to cultural and professional misunderstandings between the Turkish companies and the KRG. The streamline of the process of applying for a tender and establishment of the pre-approval process to qualify and reject, if necessary, companies that were financially or otherwise unable to implement and complete a project in its entirety professionalized the framework of infrastructure recovery. It is important the KRG supports the development of local industry and fosters a political climate that encourages and rewards best practices in the construction sector, regardless of the contracting arrangement between companies and clients. Labor law regulations, such as a safe working environment, fair wage requirements, and health benefits are key to protecting workers and ensuring quality jobs in the construction sector in the KRI. Furthermore, it was crucial to strengthen the existing judicial system and/or implement a strong and internationally recognized legal framework to bestow confidence of the international private sector to continue doing business in the KRI. Companies from Turkey that engaged in export activities or associated business initiatives had minimal contact with KRG ministries and officials. This was a missed opportunity to strengthen public-private relations and forge mutual understanding between representatives from these sectors. Instead, respondents regularly interfaced with consulting firms, local retail businesses, Turkish franchise owners, local suppliers, employment agencies, and workers hired inside the KRI. Furthermore, Turkish companies normally utilized local consulting firms to expedite the registration process in the KRI.

2. Basic income and poverty alleviation

The Turkish private sector appeared to have provided access to basic income to KRI employees or subcontractor employees, however this was modest at best, considering that a high number of Turkish companies preferred to employ either Turkish citizens or expat workers. It seemed construction companies hired laborers such as carpenters, electricians, drywall installers, and plumbers on a project basis and therefore, did not include them on their formal payroll, thus denying them the vital benefits of the formal labor market. The lack of a strict pay scale, including a minimum wage, for both KRI citizens and immigrants, enforced by the KRG, increased the likelihood of exploitation of the labor force and unfair pay rates. It should have been of utmost importance that the KRG establish and ensure that every employee had his own fair salary scale, including an established minimum wage, and that employers contributed to the private sector-oriented social security and contributions program. Additionally, strong labor laws and a well-trained and capable government to enforce these laws are crucial to ensure that individuals who are in low income brackets, such as independent contractors and day laborers, are not exploited, and that they receive the financial assistance they deserve. The Turkish private sector's impact on poverty alleviation in the KRI was minimal, if measurable at all. Only respondents from the construction sector believed their projects contributed to poverty alleviation through the payment of social security for local employees. Social security ensures that workers do not become destitute upon a disability or retirement, thereby preventing workers in those categories from becoming a strain on the economy. The payment of social security by Turkish employers might have encouraged employees to remain in the private sector workforce, instead of seeking political patronage appointments or government make-work jobs. There were two main hurdles for employees and employers surrounding the social

security system in the KRI. First, the KRG mainly relied on self-reporting by employers. Second, the social security system was not automated, making it necessary for employees to collect and hold onto past payroll receipts. According to interviews with local legal experts and individuals working in the private sector, the KRG needed to hold international companies accountable and require them to pay into the social security system. According to these experts, some of the laws, such as the social security and pensions contributions program, were suitable; however, the application of the law was unsatisfactory. Moreover, the government paid for national health care; however, it did not cover the costs of the increasingly privatized health care system, resulting in a lack of service delivery to the poor and vulnerable groups. In one study, 82 percent of medical professionals were generally dissatisfied with health care for the poor and, a majority recommended the adoption of social insurance for medical care for the poor who were left out of the increasingly privatized medical delivery system (Shabila 2010). The following publications are good sources on development in the KRI: *Poverty Reduction Strategy*, *Poverty Reduction Strategy Paper*, the *Iraqi National Development Plan*, and the *National Strategy for Poverty Alleviation* (UNDP Strategic Plan 2008-2001; United Nations Iraq Assistance Strategy 2008-2010; United States Government Assistance to the KRG 2003-2009; USAID Government of Iraq-Federal Budget Process-Investment Budget; USAID-KRG Economic Assessment Report; World Bank Public Expenditure and Institutional Assessment).

3. Public and private sector employment, wage employment, and self-employment

It appeared the Turkish private sector constrained public and private sector employment, wage employment, and self-employment. During the first half of this research project, from 2004 to 2008, the majority of Turkish companies imported most

of their equipment, supplies, and personnel from Turkey to undertake their projects in the KRI. The dominant presence of the Turkish private sector in the KRI constrained local private sector development due to the greater experience, depth of operations, economies of scale, and financial power of Turkish professionals compared to local Kurds. As the private sector in the KRI began to emerge and diversify, the Turkish corporations began to work more closely with local contractors and distributors by purchasing equipment, supplies, and services from local businesses. Many Turkish entrepreneurs established shops and trading companies in the relatively safe environment of the KRI with the aim not only of managing their activities in the KRI, but also in order to launch commercial enterprises into the other regions of Iraq. Large Turkish corporations undertook infrastructure projects with relative ease due to economies of scale, their experience, and the proximity of Turkey as a source of supply. The Turkish companies provided the foundations of a modern business model for local KRI businesses to implement and adapt within their own context. However, by not hiring a considerable amount of local employees, it appeared it was a missed opportunity for Turkish entrepreneurial, technical, managerial, and business skills to trickle down to the emerging business community of the KRI.

The dominant neoliberal ideology which envisions a free market economy worked in tandem with the state. This worked well when there was plenty of oil money to transfer from Baghdad to Erbil and then on to the people through the cadres, business partnerships, and patronage of the two dominant political parties. The KRG remained the preeminent source of jobs, contracts, scholarships, and land development. In 2014, however, the political economy was devastated by the global drop in oil prices, Baghdad's refusal to transfer to Erbil the KRG's share of the budget, and then the

unexpected rise of Daesh and the subsequent permanent state of war along the western border of the KRI has rendered a return to the prior state of affairs as very problematic. Taking the current state of affairs into consideration, the KRG cannot financially afford to continue to provide employment to the majority of the working age population. Support for innovative approaches to job creation might provide relief for the KRG and mitigate the necessity to hire more civil servants to promote social stability. Strengthening labor laws and government social safety nets, the implementation of a minimum wage, and increase in private sector benefits could encourage job seekers to consider employment in the private sector, rather than expecting employment in the public sector. A RAND report indicated, “For civil-service workers in these environments, the current private sector wage premium is not enough to offset the value of civil-service benefits” (Anthony, Moore, Hilborne and Mulcahy 2014, 7). An increase in microfinance opportunities for SMEs and financial assistance for self-employment initiatives would broaden the scope of employment possibilities. The launch of social enterprise hubs and social impact bonds could attract investors, provide jobs for “unemployable” persons, and serve as multipliers for social change and business development in the KRI.

4. Rehabilitation and diversification of the agriculture sector

The impact of the Turkish private sector on the rehabilitation and diversification of the agriculture sector was nonexistent. As mentioned throughout this research project, the KRI was previously known as the “bread basket” of the region. However, the destruction of towns and farmlands and forced displacement by the Saddam regime, followed by double sanctions – one by the United Nations on all of Iraq, and the other an internal sanction imposed by Saddam – had significant negative consequences for

the environment and sustainability of the people living in the KRI (O'Leary 2002). Furthermore, many people became completely dependent on UN food assistance, and the formally robust agricultural sector was prevented from experiencing a revitalization. Agriculture could serve as one of the stronger sectors of the KRG economy, if given the right support by the government, international development agencies, and local NGOs (KRG, Ministry of Planning 2011, 2013). The KRI has plenty of arable land, as compared to the rest of Iraq, and receives plenty of water due to high rainfall, runoff from the rugged and snow covered mountains along the borders with Iran and Turkey, as well as the tributaries of the Tigris River that drain through the KRI on the way to joining the Euphrates River and then to the Persian Gulf (Murthy 2010, 762). In its 2020 strategic plan for socioeconomic development, the KRG laid out its vision for the rehabilitation and diversification of the agriculture sector: "Food security for the people of the Kurdistan Region, economic prosperity for farmers, and prosperity through the export of our agricultural and food products" (KRG 2013, 29). Considering that the KRI is still dependent on imported food commodities and products including fresh produce, it is crucial that the KRG continues to invest in the rehabilitation and diversification of the agriculture sector. The KRG strategy has been twofold: first, to provide a supportive environment for local food production and, secondly, to prevent the inflow of cheap food imports. To support this strategy, the KRG increased taxes on certain food imports, all the while providing food subsidies and grants to help local farmers compete with frequently less expensive foreign products in the market. KRG infrastructure development efforts, such as the farm-to-market roads built over the last decade, have helped farmers transport their fresh produce items and grains to the market in a timely manner. Additionally, the KRG invested in research and development and new technologies to enhance food production. The government provided some subsidies and

grants to encourage war-displaced farmers to return to farming. Government policies emphasized animal husbandry to help revitalize milk production and other aspects of the agriculture sector.

5. Infrastructure recovery and restoration of access to basic services

It was noticeable that the Turkish private sector enhanced infrastructure recovery and restoration of access to basic public services in the KRI. Only a little more than a decade ago, the KRI was dependent on the central government in Baghdad for the provision of most basic services. After the 2003 U.S.-led invasion of Iraq, the KRG committed itself to either the restoration or building of major infrastructure, such as airports, roads, bridges, and power stations, to facilitate self-sufficiency. The formal acknowledgement of the KRG as a semi-autonomous region in the 2005 Iraqi Constitution affirmed the KRG's right to manage and upgrade basic services, such as education, electricity and energy, health care, housing, social welfare, telecommunications, transport systems, water and sanitation systems, and waste removal. According to a Finnish-Swiss report, approximately 75 percent to 80 percent of the construction business, be it roads, tunnels, silos, dams, housing projects, and major airports, was undertaken by Turkish companies (SEM 2012). Two major themes emerged from the interviews with representatives from the construction sector. It appeared that projects such as the construction of bridges, power systems, and roads directly contributed to infrastructure recovery and the restoration of basic services. Second, after or in tandem with the development of projects such as major universities and housing complexes, the KRG initiated construction activities to support infrastructure recovery and access to basic services near the project sites. The opening of additional border crossings to allow goods and

people to cross from Turkey to the KRI more easily would prove beneficial to Ankara and Erbil economic relations.

The conflict with the Daesh put stress on the KRI's infrastructure and access to basic services. The influx of IDPs from other governorates in Iraq, as well as refugees from Syria, increased burdens on the infrastructure and demands for basic services such as running water, electricity, and health care in all three governorates of the KRI. According to two World Bank economists, "The additional demand for water is estimated to be 11 percent over pre-crisis levels. Sanitation is also a major concern, with existing gaps now widening – the cost of sectoral stabilization is around \$214.3 million for 2015" (Karasapan and Kulaksiz 2015).

A rights-based approach to infrastructure development would encompass a multidimensional strategy to ensure human security. Research into the role of anchor institutions should prove beneficial to understanding the positive impact that hospitals, museums, universities, and other institutions provide society (Democracy Collaborative 2014). Regardless of whether anchor institutions are public, private, or nonprofit, if managed properly, they would play a role in broadening economic security in the KRI. It does not appear the KRG nor companies operating in the KRI have a streamlined process to procure goods and services from the local private sector. Anchor institutions can have a dramatic impact on local development in the KRI by streamlining the procurement process, building vendor relations with local businesses, and purchasing supplies from local social enterprises (Bradley 2013). Adequate consultations with the government, private sector and local communities, consistent with a human security

approach, would help prevent companies inadvertently from destroying the livelihoods and traditions of local people in the KRI in the name of economic progress.

6. Dismantling of a war economy and illegal networks

It appeared the presence of the Turkish private sector enhanced the dismantling of a war economy and illegal networks in the KRI. The implementation of the formal inspection process of imported goods by the central government in Baghdad, and reinforced by the KRG increased the probability that only products that met the specified criteria would enter into the market. The prevalence of legally imported goods from Turkey played a major role in the trade gap between Turkey and the KRI. Although the pre-inspection process was mainstreamed, it still seemed as if respondents were uncertain about the degree of transparency of the overall program.

During the research timeline, remnants of a war economy were still prevalent in the KRI. The economic crisis that emerged in 2013-2014 due to the continuing challenges of overdependence on oil revenues and budget transfers from the government in Baghdad, meant the constraints on the revival and creation of a viable socioeconomic and political system in the KRI were almost as great as that which the Kurds faced in 2004. Furthermore, the advance of Daesh towards the capital city of Erbil, in 2014, severely threatened the state and forced the KRG to redirect available funds to the security services. Illegal networks emerged again to actively trade with Daesh by providing the organization with items it could not produce, in exchange for oil and money (Nafeez 2014). Without approximately 80 percent of the KRG's total revenues and the urgent redirection of any existing public funds to the security sector for the fight with Daesh, the KRG was overwhelmed and unable to pay for services and salaries on

a consistent basis. The Ministry of Natural Resources borrowed approximately \$1.5 billion from the domestic private sector and another \$1.5 billion from international companies and suppliers by selling its future oil output to keep the economy afloat and to pay for the salaries of civil servants including the Peshmerga who were in an active battle with Daesh (World Bank 2015a, 21). In 2014, the poverty rate more than doubled and unemployment especially among IDPs and refugees living off-camp and young Kurds increased significantly. Illegal networks continued to operate and smuggled people, fuel, cigarettes, illicit drugs, and weapons from the KRI to Turkey.

7. Expansion of opportunities for people through training, skills development, and empowerment

Even though it was at the discretion of each company whether or not to hire local personnel and to provide training components it seemed the Turkish private sector enhanced the expansion of opportunities for training, skills development, and empowerment. As mentioned in Chapter 3, entitled, Contextual Framework, the Turkish private sector has had several decades to develop and meet international business standards. Granted, not every business might possess a high level of professionalism, but the Turkish private sector is known for providing opportunities for personnel through structured training and skills development. Turkish companies operating within the KRI, particularly those with global reach, had the opportunity to contribute to human capital development by providing structured training opportunities and offer students internships and site visits. For instance, Enka Construction, one of the largest companies in Turkey, regularly assigned Turkish citizens to its worksites for summer internships. This model could be easily replicated for Iraqi Kurdish students on corporate worksites in the KRI. Furthermore, linking apprenticeship programs to Turkish firms, which led

the majority of the construction work in the KRI, would be a win-win opportunity, add lasting value to the operations of Turkish businesses and also prepare workers for the new forms of emerging business opportunities in the KRI. Therefore, it should be beneficial for relevant KRG ministries to strengthen relations with the Turkish private sector and to encourage those companies operating in the KRI to provide opportunities for professional skills development.

For some Turkish construction companies, investing in human capital development was important and therefore provided structured training components for employees. Turkish companies that undertook sophisticated projects, such as Sa-Ra Energy (construction of energy transmission lines) and Makyol Construction (Erbil (Hawler) international airport), provided structured training components for particular local personnel. Other traditional construction companies, such as 77 Construction and Contracting Company (Qandeel bridge and approaches highway) or Yuksel Construction (Kora-Shaqlawa-Qandeel highway project), paired local unskilled laborers with expat employees for supervised on-the-job training. The high percentage of local staff job-hopping and low employment continuity, in both construction and export sectors, especially after the completion of a project continued to be big challenges for all concerned.

Turkish export companies that perceived the KRI as a major market, such as Arcelik A.S. and Eti, or were engaged in a highly specialized sectors, such as health (Acibadem Healthcare Group), aviation (Atlas Global), or upheld a business model based on excellence (Vakko), appeared to invest more significantly in business development and the provision of structured training components for local employees in the KRI. Other

Turkish companies involved with export activities in the KRI relied heavily on local partners to undertake major business activities; therefore, they opted for supervised on-the-job training, rather than structured training components. The Turkish businesses and entrepreneurs displayed a wealth of experience and knowledge, while working in the KRI, which provided a model for local businesspeople and professionals to build upon in implementing their own style of private sector development. One might hope that by interacting with their counterparts from Turkey, local professionals developed their entrepreneurial, technical, managerial, and business skills.

The challenge remains how to upgrade the skills of locals seeking employment in the private sector, how to subsequently promote employment security and help the international private sector reduce their dependence on expat employees. As part of the larger education framework, the KRI must continue to expand post-secondary, technical, and vocational education and training opportunities. Such initiatives should develop curriculums and links to connect the education system to the labor market in such a manner to equip students with the skills needed by immediate or emerging markets. It is essential for the KRG to establish and financially support an effective technical and vocational education and training system and skills-building opportunities for human resource development in the KRI. If encouraged, the international private sector might help subsidize apprenticeship and traineeship scheme to ensure the generation of competent, qualified employees for the business community. A regional educational initiative that prioritizes key industries, occupations, and skills for the entire labor force – not just for high-earning positions – would promote a more inclusive approach to employment generation in the KRI.

It is important not to emphasize the increase in education without addressing other structural impediments to socioeconomic growth, such as poverty, inequality, and exclusion of vulnerable groups in the formal economy. Studies indicate there is a direct correlation between poverty and the lack of a quality education, as a significant proportion of individuals caught in the poverty cycle are unable to advance themselves because other priorities, such as earning a fair wage, take precedence over acquiring an education (ILO 2014). An overly skilled workforce, especially unemployed college students or graduates unable to obtain compatible jobs, tends to threaten the social cohesion of society, especially when disgruntled job seekers resort to crime, political violence or migrate abroad. Therefore, the establishment of an initiative similar to the AmeriCorps jobs program in the United States could leverage the drive and sincerity of young people by creating a generation of leaders with a lifelong commitment to social responsibility. Participants in the initiative – college students and recent graduates – would partake in training, receive placements with civil society organizations, and contribute to the missions of their organizations, as a member of a team. The creation of blended inter-generational community centers for adults and children, like Girls and Boys Clubs in the United States, would afford an opportunity for people to take part in arts and crafts workshops, professional development training, sports activities, and other educational activities. Community centers can recruit volunteers through the AmeriCorps-like initiative, and offer small grants and/or loans to individuals who are eager to undertake a civic action project. These types of programs require social organization and community involvement, but can be viewed as threatening to governments lacking political legitimacy.

8. Development of productive activities for ex-combatants, returnees, and impoverished groups

The impact of the Turkish private sector on the development of productive activities for ex-combatants, returnees, and impoverished groups appeared to have been minimal if at all. Two main themes emerged from the empirical data: the lack of women in the formal workplace, and the presence of IDPs and refugees in the labor force. The KRI is still a culturally conservative society and women only recently entered certain work areas, such as the formal construction sector, long dominated by men (KRSO and UNICEF 2011). The construction industry, by its nature, requires hard manual labor that has been considered the domain of men in the KRI. Nevertheless, Kurdish women have a history of performing manual labor in both urban and rural areas. However, one of the major impediments to women working in the construction industry and similar business fields is the lack of safe and reliable public transportation to access work sites often remote from residential areas. Responsibility for taking care of children also limits the flexibility of women to work outside of the home when grandparents are not available for child care. Employer-provided worksite daycare is not common in the KRI and the Turkish corporations did not provide it for their local employees and neither did the KRG require it. Mid to large companies should be required to provide safe modes of transportation such as bus services to employees to travel to and from workplaces so they were not deterred from joining the workforce. The government, in concert with foreign and domestic companies, should also provide tax credits, child care facilities, and other benefits to working parents.

The return of people who had taken refuge in Iran, Turkey, and Europe; Kurdish refugees from Turkey who may or may not have been associated with the PKK terrorist

group, IDPs from other areas of Iraq, including Iraqi Kurds, Turkmen, and both Sunni and Shia Arabs, and thousands of Kurdish refugees from Syria placed a heavy burden on the host communities in the KRI and overwhelmed the KRG and the international aid agencies (Kulaksiz 2015). In 2014, due to the advance of Daesh in Syria and western Iraq, Kurdish refugees from Syria and IDPs from Iraq were the most impoverished groups in the KRI (World Bank 2015a). Some Turkish companies indicated they hired Syrian refugees, thus providing them with opportunities for income generation. Representatives from the international development community remarked that it was important the KRG strengthen labor laws to ensure IDPs and refugees were not exploited or forced to work for lower wages than the local labor force.

9. Provision of microfinance opportunities

The impact of the Turkish private sector on the availability of microfinance opportunities appeared nonexistent. Regulatory challenges with the KRG were the primary impediments to providing microfinance opportunities in the KRI. SMEs must have access to capital and financial services to operate and grow; without ready available capital for investments, it is nearly impossible for SMEs to launch successful businesses. Connecting SMEs with regional and international microfinance lenders can help resolve the hurdle of acquiring capital for SMEs in the KRI (KRG 2007). Furthermore, the provision of microfinance opportunities can build grassroots capacity and empower vulnerable groups to participate in economic activities. In particular, when women are the beneficiaries of microfinance loans, socioeconomic development increases at a higher rate than if men were the beneficiaries. Thus, the provision of microfinance opportunities, particularly when geared towards supporting vulnerable groups, enhances economic security. In the KRI, the establishment of a leasing

mechanism could help finance equipment for SMEs that lack the necessary capital to buy equipment. The KRG, Turkish corporations, and international organizations should be more proactive in supporting the capital needs of SMEs with microfinancing programs.

Promoting entrepreneurship, in particular social entrepreneurship, is a creative approach to facilitating business, social engagement, and social services. Social entrepreneurs aim to resolve social problems through market-oriented strategies by either investing their profits into initiatives that resolve social problems or by the direct resolution of social problems through their own business activities. Establishing social innovation labs could create an environment for social entrepreneurs to receive training, mentoring, and funding to devise strategies to address social problems head-on, rather than waiting for the government to resolve them. Considering many households are vulnerable to economic shocks in the absence of a proper welfare structure, social entrepreneurship can leverage tight resources to create positive social and environmental impacts in the KRI. The establishment of a member-based social entrepreneurs fund could attract committed investment capital to support impact-oriented companies. A social entrepreneurs fund should identify strong candidates with proven records of success, and then provide them with access to a wide-ranging network of supportive resources, advisors, and mentors. In the KRI, the launch of searchable databases of professional skills-based volunteers and civil society organizations in need of specific expertise would expand the potential impact of such an initiative. This type of business initiative should not prove a challenge to the ruling political parties – which tend to want to bring most business endeavors associated with the government into their patronage systems – since it would be essentially a volunteer and self-funded effort.

10. Clarification of property rights

The impact of the Turkish private sector on the clarification of property rights was nonexistent. Two main themes emerged from the empirical data pertaining to property rights: titles for housing units, and the process of how land is allocated. Apparently, some of the Turkish companies experienced difficulty acquiring titles for housing projects. Other housing projects were not completed due to financial problems of the main contractor, inadequate capitalization of the KRI funding stream, and or failure to perform on the part of Turkish or local subcontractors. It is crucial the KRG strengthens the legal framework concerning property rights in order to avoid accusations of abuse of power and corruption by government officials.

11. Macroeconomic development and job creation

It appeared the Turkish private sector had a varied impact on macroeconomic development. Over the last decade, the KRG established a liberal and safe business environment to attract the international private sector to operate in the KRI. The KRG preferred FDI investments in prioritized strategic sectors, such as banking and finance, education, health, infrastructure, and oil and natural gas. The Turkish construction sector implemented projects, in part, because of the high return on investments and the relative ease of doing business in the KRI. Extensive infrastructure projects were expected to provide jobs, facilitate the delivery of public services, and diversify and strengthen the economy (Shatz et al. 2014). Several themes emerged from interviews with respondents from the Turkish construction sector, export sector and associated business initiatives. It appeared the establishment of national customs regulations, enacted by Baghdad and reinforced by the KRG, increased the export of prequalified products from Turkey to the KRI. The streamlining of customs regulations and the pre-

inspection process also seemed to have contributed to the dismantling of illegal networks. The development of the banking and finance sector allowed local customers and Turkish companies to manage basic banking operations more easily. However, the absence of sophisticated banking options and access to finance was still a significant challenge especially for SMEs. The expansion of the insurance sector set a precedence for the procurement of coverage such as health insurance, independent of the government. Lastly, it appeared that some Turkish construction projects had a lasting impact on the local community and economy once they were completed.

The last two years of the research timeline of this project (2013-2014) posed significant challenges for macroeconomic development in the KRI. The local economy experienced severe shocks as a result of drastic drop in oil prices, Baghdad's withholding of the KRG's 17 percent share of the Iraqi budget, and the redirection of public funds to the security sector due to the armed conflict with Daesh. The local private sector was overwhelmed by the dominant presence of the Turkish private sector, with its retail stores, trading companies, and management of the majority of large infrastructure projects, the decrease in purchasing power of the population of the KRI and over dependence on KRG business activities. It appeared Turkish companies purchased some equipment from local companies and hired local contractors to provide services to the projects. Still, it appeared that the emphasis on establishing a liberal business environment for the international private sector might have compromised the development of the local private sector. According to one study, "Overall, the KRI offers mostly favorable environment to foreign investors but a difficult environment for small, local businesses. With the right project, foreign investors can find entry into the KRI to be relatively smooth. However, the environment for creating new, small, local

businesses appears to be challenging. This could be a barrier to economic development, because despite the benefits of large foreign investments, local capital formation is also extremely important to long-term growth” (Anthony, Hanseen, Kumar, Shatz and Vernez, 2012, 20).

It appeared the Turkish private sector constrained job creation. The KRG established a liberal visa policy to attract international private sector investments by eliminating barriers to the deployment of corporate workforces from mostly Western countries and Turkey. Therefore, despite the requirement to acquire a visa for Iraq, Turkish citizens were not required to get a visa prior to their travel to the KRI since the KRG effectively managed its own immigration and border control service independent of Baghdad. By obtaining short-term visas at KRG ports of entry, Turkish companies could deploy staff in and out of the region at relatively low costs and with minimal planning. The Turkish impact on sustained job creation for locals was negligible since their companies could bring in low-wage workers from South Asia and can utilize the visa-free regime for their own citizens for skilled and professional staff.

Respondents from the construction sector acknowledged the value of local skilled laborers for their knowledge of local and regional languages. Decades of war, chaos, and instability degraded the availability and effectiveness of the education system in the KRI to prepare workers for technical, semi-skilled, and managerial positions with the international private sector. Therefore, respondents remarked that the development and application of comprehensive human capital development policies were essential to ensure the construction sector had a positive impact on economic security in the future. From the perspective of Turkish employers, the local workforce often exhibited

unrealistic salary expectations relative to their level of their work experience. Training opportunities were seen as paramount to ensure skilled workers received the knowledge required for human capital development. Respondents noted that although local unskilled staff may have had a good command of local and regional languages, which proved beneficial for Turkish companies, they were often unfamiliar with international business procedures and products. Many respondents indicated that the KRI unskilled workforce was not large enough to meet the needs of the Turkish construction sector. As a result, the majority of respondents noted that their companies hired a mixed labor force consisting of local and foreign employees, with only a few Turkish companies hiring a majority of non-local employees for projects in the KRI. Furthermore, uncertainty over land acquisition and site development, unclear building codes and permits, and quality control standards were some of the challenges Turkish companies faced while operating in the KRI.

The Turkish construction sector can lead the business community in ensuring that local employees have an opportunity to save for retirement, earn a fair wage, and have a safe working environment. Like all personnel, low-wage laborers in the construction sector deserve a fair wage, a predictable income, benefits, a safe working environment, and a regular work schedule. Set work schedules are particularly important for unskilled laborers since they often try to maintain multiple jobs to compensate for low wages. The long-lasting impact of the Turkish construction sector on job creation was a missed opportunity, since neither the Turkish corporations nor the government took substantial proactive measures to ensure job creation, enhance the skills and professional opportunities of local people in the areas of management and skilled trades. The KRG should make sure that investments in infrastructure development result in the

employment and training of locals to perform the associated tasks regardless if they are unskilled or unexperienced. It is paramount that policies aimed at promoting employment are integrated across the bureaucracy, without compromising other development goals.

Respondents from the export sector and other business initiatives noted that the value of working with local skilled laborers was due to their knowledge of local and regional languages. But, they also cited the minimal work experience and a lack of managerial, technical, and English language skills as major challenges to hiring employees from the local labor market. Respondents noted that local unskilled labor in the KRI often had a good command of local and regional languages, but little knowledge of international products. The labor market in the KRI was diverse due to the influx of IDPs, refugees from Syria, and laborers from low-income countries, such as Bangladesh and the Philippines.

Employment services and initiatives, such as MSelect, “Kurdistan Works,” and “Kurdistan Careers” tried to educate and pair job seekers with potential employers in the private sector. The Ministry of Natural Resources encouraged international companies that operate in the oil and gas sector to hire from the local workforce. However, the KRG did not streamline requirements for international companies in other sectors to employ a certain percentage of locals; thus, the number of positions available with these companies remained at the discretion of corporate management (KRG, Ministry of Natural Resources). According to some respondents, many of the locals working with international companies, including the Turkish companies, were paid less and were not employed in key positions; instead they held low-impact positions. Since

the Turkish private sector was the biggest player in the region, the absence of opportunities with these companies such as internships, apprenticeships, training and development, long-term employment, and a career ladder continued to limit workforce capacity development, innovation, and job creation among the KRI population.

Job creation is important to economic growth. However, it is morally imperative to visualize a new paradigm that allows us to connect people to high-quality jobs. Good benefits, training opportunities, family support schemes, a safe work environment, fair wages, and professional development are all key factors of a quality job. By developing multidimensional human resource strategies, companies minimize costs while improving job quality. However, it is also important to challenge the notion that education alone is sufficient for obtaining a quality job. An integrated and innovative framework that addresses barriers such as needs for child care, home health support, sick leave, and transportation to and from workplaces for job seekers – especially individuals from vulnerable groups – to acquire and maintain a job would also expand employment opportunities.

Integrating social enterprises, which aim at expanding employment opportunities for people who are typically seen as unemployable, in socioeconomic development strategies could support individuals outside of the formal labor market. Employment in social enterprises can provide much-needed work for people with little work experience, former soldiers who might not have compatible job skills for private sector employment, individuals with past criminal records, people who suffer from trauma and PTSD, and individuals who are in need of acquiring further job skills to advance to more suitable positions. Social enterprises can range from property care, waste recycling, and

landscaping to more sophisticated activities, such as web design and market research. Social enterprises can be vitally important to raising working standards if they provide employees with a safe and supportive environment, health benefits, and a fair wage. By providing an entry point into the formal workforce for people with the abovementioned challenges, social enterprises contribute public goods and services to meet some of the needs of the community. Oftentimes, after working for a social enterprise, employees are prepared to transition to a position in the private sector. Such efforts are important for the KRI since they address the needs of vulnerable workers while developing businesses that are not dependent on the oil industry or the existence of a robust KRG budget.

12. Establishment of social safety nets

It appeared the impact of the Turkish private sector on the establishment of social safety nets in the KRI was nonexistent. It seemed as if respondents thought it was not necessary to ensure social safety nets, if their company provided a safe and secure work environment. Under the KRG Constitution, Article 20, “the regional government shall provide social security benefits in cases of illness, disability, unemployment, or old age” (KRG Constitution). In 2009, the KRG, in conjunction with the national government of Iraq and the World Bank, created a poverty reduction strategy that recognized the need to establish social safety nets for the economically disadvantaged (KRG 2013, 12).

13. Provision of well-coordinated, predictable, and multifaceted aid

It appeared the impact of the Turkish private sector on the provision of well-coordinated, predictable, and multifaceted aid in the KRI was nonexistent. Towards the end of the research timeframe, the KRG, along with development agencies and domestic

and international humanitarian aid groups, struggled to support the influx of refugees from Syria and IDPs from other provinces in Iraq, due to the heightened security situation, economic crisis, and the shortage of government funds. Donor fatigue towards Iraq and the KRI greatly affected the ability of the KRG to afford to meet the immediate needs of the refugees and IDPs who sought refuge in the KRI. It was estimated that \$846 million (3.5 percent of the GDP) was required to stabilize the impact of the humanitarian crisis in 2015 (Kulaksiz 2015). More than 243,000 vulnerable IDPs were urgently in need of adequate shelter. The government built 26 IDP camps with a combined capacity for 223,790 IDPs across the three governorates of the KRI. The KRG committed to funding three camps, while the international community was expected to fund 20 camps, leaving three camps unfunded (World Bank 2015a). The Disaster and Emergency Authority (AFAD), an agency of the Turkish government, built two refugee camps in the Zakho and Dohuk areas for IDPs and refugees who fled the brutal rule of Daesh in Syria and in Iraq.

Implications of the research findings

Theoretical implications

Several important theoretical implications of this study emerged through an analysis of the empirical data. Considerable evidence was found to substantiate the argument that a multidimensional economic security framework, one that harnesses the presence of the international private sector, had the potential to enhance human security. However, in order to mitigate threats to human security, the environment in which the international private sector interacts with all levels of society must be inclusive and equitable. The study highlighted the importance of thirteen conditions such as public-private relations; basic income and poverty alleviation; public and private sector

employment, wage employment, and self-employment; rehabilitation of the agriculture sector; infrastructure recovery and restoration of access to basic services; dismantling of a war economy and illegal economic networks; expansion of opportunities for people through training, skills development, and empowerment; development of productive activities for ex-combatants, returnees, and impoverished groups; provision of microfinance opportunities; clarification of property rights; macroeconomic development and job creation; establishment of social safety nets; and the provision of well-coordinated, predictable, and multifaceted aid as channels to enhance human security.

As was mentioned in Chapter 2, entitled, Review of the Literature, the material on economic security is sparse, diverse, and often does not specifically define economic security as a tenet of human security. Therefore, this study aimed to close the gap in the field by synthesizing the key bodies of literature that contribute to the understanding of economic security from a human security perspective, namely, development economics, peace economics, and peacebuilding.

Furthermore, strategies that take all seven pillars of human security into consideration are more likely to reinforce structures and institutions that support a peaceful and resilient society in conflict and post-conflict environments (Institute for Economics and Peace 2015a). The value of the “positive peace” approach to address structural causes of conflict as a means to securing sustainable peace was reiterated throughout the dissertation. The negative impact of the ongoing conflicts in Iraq and Syria on peace, stability, social cohesion, and economic recovery in the KRI underlined the urgency to tackle systemic issues and address tensions that lead to armed conflict. Therefore, the

extent economic security can be rooted into society is minimal without community security, environment security, food security, health security, personal security and political security.

The importance the KRG assigned to economic security was certainly dependent on surviving the existential threat of Daesh. But, even before the rise of the Daesh threat, when oil money from Baghdad was flowing, the KRG placed more priority on neoliberal consumerist dreams and the entitlements of the ruling elites over building the foundations of a just and viable political economy. Economic security in the KRI, as the dissertation highlighted, was severely compromised because of the threat to security and stability due to the ongoing civil conflicts in Iraq and Syria and the incursion of Daesh in the KRI. The influx of IDPs and refugees from Syria put further financial pressure on the KRG to not only devise a plan to financially support its own citizens, but also to vulnerable groups seeking refuge in the KRI (Hawramy 2014). The dependence on the oil sector and disbursements of the 17 percent of the Iraqi budget located the KRG and the economy in a precarious position. This dissertation argued that a combined “freedom from fear” and “freedom from want” approach to human security is more appropriate to mitigate systemic threats to security in fragile and conflict-affected environments.

Without committed leadership from the private and public sectors and legal provisions to ensure that the international private sector contributes to strengthening economic security the impact is left to the discretion of individuals companies. The KRG established a liberal economic framework, supported by the Investment Law, which did not require the international private sector operating in the KRI to contribute to the

development of indigenous human capital, such as priority hiring and training of local employees, paying into the social security and contributions program, or insuring a fair minimum wage and safe working environment. In the absence of KRI regulation and supportive policy Turkish companies, from the construction sector, export sector and associated businesses, rarely hired locals, preferring to repatriate Turkish citizens or individuals from third countries. The failure of the Turkish companies to hire and train locals was despite their significant experience in professional development, management training, financial literacy, marketing and value-chain analysis, which could have been a momentous knowledge transfer to the KRI local labor force.

Policy implications

Based on the empirical data that emerged from interviews with members of the Turkish private sector operating in the KRI, as well as a comparative analysis of the empirical data from scholarly journals and policy sources, there are significant policy implications that can be drawn from this research study.

An excessive emphasis on a singularly focused oil sector, without the prioritization of the diversification of the economy and sustainable socioeconomic development, proved disastrous, under the stress of war and collapsing oil prices. The financial burden of a protracted conflict could not have come at a worse time for the KRG. The Baghdad government refused to transfer the 17 percent share of the national oil revenues to Erbil because of the ongoing disagreement regarding the KRG's right to sell oil directly to international oil companies. Baghdad and Erbil both faced severe challenges brought on by the Iraqi and Syrian civil wars, the drastic drop in oil prices, and the burden of supporting new IDPs and Syrian refugees in Iraq and the KRI (Jennings 2014). The

aggressive exclusionary attitude and discriminatory behavior of the Baghdad regime towards the Iraqi Kurds and Sunni Arabs began to change with the replacement of authoritarian Prime Minister Nouri al-Maliki with the more tolerant and inclusive Prime Minister Haider al-Abadi. While al-Maliki's discriminatory and polarizing policies contributed to the lasting legacy of violent sectarianism in Iraq, at least the new Baghdad administration was willing to resume the transfers of oil royalties to the KRG that had been halted by al-Maliki. Baghdad additionally agreed, at least temporarily, that the KRG could directly export oil to Turkey using the new KRG pipeline. However, Baghdad and Erbil remain at odds regarding a long-term plan to compensate the KRG for exporting oil from the KRI.

The findings from the research project have policy implications for the KRG's capacity to manage the KRI, including the newly acquired contested cities, such as Kirkuk, in light of the historical opposition of Baghdad and the influx of refugees from Syria and IDPs from elsewhere in Iraq. Because of the Daesh attacks, and the collapse of the Iraqi Army in Mosul and adjacent areas, the Peshmerga was able to seize Kirkuk and nearby towns that were previously contested or under Baghdad's control. Severely weakened by the rise of Daesh, Baghdad did not demand the withdrawal of the Peshmerga forces from previously contested areas. Whether this was just an admission of Baghdad's inability to secure the territories, or a permanent relinquishment of the oil-rich Kirkuk area to the KRG, remains to be seen. For the KRG, it means the fulfillment of the historical goal of bringing Kurdish rule to all parts of greater Kurdistan located within Iraq. But it could also be a challenge to the future stability of the KRG state due to the large numbers of non-Kurdish peoples (Sunni Arabs, Turkmen, Assyrian Christians) brought under the control of the Peshmerga. Questions of war, military occupation, and

the unification of Kirkuk are complicated by the presence of IDPs and Syrian refugees in the KRI whose welfare has become the responsibility of the overtasked and financially strained KRG.

This research project has policy implications for governments that embrace an entirely liberal economic framework, particularly in oil-dependent conflict environments. Given that the KRG choose to formally enact a liberal economic framework under the Investment Law of 2006, the KRI became a completely open market for anyone interested in financial engagement in the region. The long-term value of unlimited extraction of capital outflows, failure to diversify the economy away from absolute dependence on the oil extraction industry, the KRG's near complete dependency on income transfers from the Baghdad government, and the absence of requirements for foreign companies to invest in human capital development are problematic to ensuring the economic security of the KRI. The shortages of KRG funds to compensate Turkish companies for their valuable services jeopardized continued progress towards reducing human insecurity in the KRI. The engagement of Turkey's private sector, particularly the presence of the Turkish construction sector, in Iraqi Kurdistan helped to lay the groundwork for physical infrastructure development in the KRI.

An over bloated public sector can have a considerable impact on the ability of a government to utilize public funds for socioeconomic development. It would prove beneficial to the KRG to enact voluntary early retirement schemes or offer to transfer benefits for civil servants willing to be employed in the private sector. Strengthening labor laws and the private-oriented social security and contributions program could

encourage job seekers to look for employment in the private sector, rather than defaulting to seemingly secure employment in the public sector.

Recommendations for further research topics

The debate regarding the impact of the private sector on economic security is extensive and multifaceted. Exploring the following themes as future research topics can facilitate further development targets and strategies concerning economic security.

Community relations

A few respondents noted the companies they represented interfaced with local communities by contributing to local charities, by constructing roads near their projects to support the neighborhoods of their workers, and by repairing government buildings and schools. Cuneys Karacasu, noted, “Oftentimes, local communities ask for assistance from companies working in their region. For instance, in northern Iraq, locals asked Yuksel Construction to pave local roads with asphalt and to repair buildings, such as mosques and local government buildings. Yuksel Construction provided the material and the labor to undertake these projects” (Cuneys Karacasu, Yuksel Construction, 2014, Interview, Ankara). It would be also interesting to investigate whether Turkish private sector community outreach efforts instilled a permanent positive image of their operations in the KRI. It would also be fascinating to compare projects approved by the KRG Ministry of Natural Resources, which encourages companies that sign production-sharing contracts to partake in corporate social responsibility activities, with the projects run by other foreign companies operating in the KRI to discern if government oversight ensured there was a more positive impact on socioeconomic development.

Expansion of Turkey's "soft" power in the KRI

Almost all of the respondents noted that they witnessed an expansion of Turkey's "soft" power in the KRI. Many of the respondents noted that they could communicate in Turkish with their business partners or clients in the KRI. One respondent noted that many of his local colleagues wanted to practice Turkish with him. Another respondent noted that there was an overwhelming amount of Turkish stores and brands advertised and displayed on billboards and shopping malls throughout the KRI. One respondent noted that he frequently heard Turkish songs playing on the radio in taxis and in stores. Several respondents noted that their business partners would often inquire about Turkish actors and musicians, such as Ibrahim Tatlis (Candar 2013).^{xvi} It was common to view Turkish soap operas, such as "Fatih Sultan Mehmet," and shows like "Valley of the Wolves" on the television in the KRI (Utkan 2011). Respondents indicated that Turkish soap operas, music, and brands encouraged locals to learn Turkish, which in turn improved their marketability when applying for positions with Turkish companies operating in the KRI.

Influx of both skilled and unskilled labor from abroad

Respondents indicated that there was a considerable influx of both skilled and unskilled labor from outside the KRI to the region over the last few years. According to the International Organization of Migration (IOM) the KRI experienced a 28 percent to 30 percent increase in the population, which totaled seventeen percent of the population due to the 1.7 million Iraqi IDPs and approximately 250,000 Syria refugees that sought sanctuary in the KRI (IOM 2015). The impact of Syrian refugees and IDPs on the local labor market was substantial, as both skilled and unskilled individuals were often willing to work for substantially less than Iraqi Kurds. Many respondents noted that the

companies they represented often hired staff from these communities, in large part because they were willing to perform the same duties for lower salaries than the members of the local labor force were. It would be interesting to investigate the percentage of non-KRI citizens versus KRI citizens who worked for Turkish companies operating in the region. Did the presence of Turkish companies exacerbate or mitigate this problem? Did Turkish companies exploit the availability of cheaper labor by hiring IDPs and/or Syrian refugees instead of Iraqi Kurds?

Personal security detachments

Even though respondents indicated that the KRI was a relatively secure and safe region prior to the rise of Daesh, especially when compared with other governorates in Iraq, some international firms chose to utilize personal security detachments to protect their senior-level employees. A few Turkish representatives indicated that their companies preferred to recruit members of their local labor force to serve as guards as they believed they would remain loyal to the company. One respondent argued that an individual working for a private firm might compromise his position if he were offered sufficient financial incentives to disrupt company operations from disgruntled individuals or terrorist groups. It would be interesting to see how security services have contributed to the security of the international private sector as it has expanded across the KRI during a period of increased civil conflict and terrorist activities.

Repatriated Iraqi Arabs and Kurds

Some respondents mentioned that they greatly benefited from working with repatriated Iraqi Arab and Kurdish employees. Respondents indicated that in particular, repatriated Kurds, possessed strong language skills and the level of professionalism expected for

employment with international corporations. One respondent noted that many professionals from the Kurdish diaspora were highly talented individuals with an aptitude for languages, displayed high-levels of professionalism and had an in-depth understanding of the local culture. Suleyman Civil, commented, “They speak several languages, are educated, and have a lot of experience working in the private sector” (Suleyman Civil, 77 Construction and Contracting Company, 2014, Interview, Istanbul). Erdal Yenigun, noted, “Iraqi Kurdish repatriates helped complete our project because of their high-level of education and practical knowledge. They also acted as mediators among the project team” (Erdal Yenigun, Yenigun Construction, 2014, Interview, Istanbul). One company representative argued that the project would not have been completed if it had not been for the leadership of the repatriated employees. Mete Gurel, noted, “The Kurdish diaspora has contributed to the professionalism of the workforce” (Mete Gurel, Dogan Holding, 2014, Interview, Istanbul). Another respondent noted that since he began working in the KRI a decade ago, he noticed an influx of young professionals return from the diaspora in Europe. One respondent commented that he even interfaced with some European Kurds in the KRI, with whom he had previously met in Europe. According to one report, thousands of people have returned to the “KRG area from Europe, particularly from the United Kingdom, Norway, Germany and Sweden” (SEM, 2012, 61). The KRG dedicated a section of the “Kurdistan Works” site – a website dedicated to promoting employment in the private sector – to the Kurdish diaspora and repatriates. Research into what motivated expat Kurds to return to the KRI, and a comparison of their professional skills with those of local professionals, would shed light on the readiness, motivation, and training needs of the diverse KRI workforce.

Vulnerable groups

There is room for further research regarding the inclusion of vulnerable groups in the formal labor market. Respondents from the construction sector noted the private sector entities they represented rarely hired women. One company representative mentioned that the main contractor that his company worked for did not allow women to work on the project whatsoever. He further commented that he had to alert the client when female staff from Turkey came to the worksite. It would be interesting to learn more about why more men than women tended to be employed in the construction sector particularly on worksites. Was this because few women possessed the technical knowledge or professional experience required to work in the construction sector? Alternatively, did few women work in the construction sector because cultural traditions did not allow women to work in majority male work settings? It would be interesting to analyze the official figures on women who are employed in the private sector, and what hurdles exist that prevent their participation in the private sector workforce. Furthermore, examining strategies to ensure women's participation in the formal labor force – such as free housing on the worksite, child care, employer provided transport, and other employment benefits – might provide insight into how to encourage female job seekers to consider a position in the private sector. Civil society organizations such as the Iraqi Civil Society Solidarity Initiative and the Hiwa Foundation that promote gender equality and women's empowerment in the KRI might be good efforts to include in any research going forward.

Final observations

As was mentioned in Chapter 2, entitled, Review of the Literature, the traditional security narrative fails to address the structural causes of conflict, asserts the state is the main referent to be secured, and assumes that the state should provide security. Furthermore, the traditional security discourse surrounding Turkey-KRG relations neglects to acknowledge the deepening of economic interdependence between Ankara and Erbil over the last decade (Economist Intelligence Unit 2014). In contrast, this study aimed to challenge thinking on the concept of security and emphasizes the interconnectedness of human insecurities. The human security narrative emphasizes the individual as the referent object to be secured, which in turn empowers individuals, communities, and societies to transform their own environment. By combining the concepts of “freedom from want” and “freedom from fear,” a broad approach to human security recognizes the cross-sectoral impact of universal problems such as poverty, armed conflict, environmental degradation, and economic crisis. This research project advocates a holistic approach to conflict transformation and peacebuilding by focusing on the concept of “positive peace,” which tackles the deep rooted causes of conflict rather than “negative peace,” which is simply noted as the absence of conflict. Considerable evidence found that a multidimensional economic security framework, one that harnessed the presence of the international private sector, had the potential to enhance human security in fragile and conflict-affected states. The likelihood of a positive impact of the international private sector on human security increased if just and equitable economic conditions existed in the local context.

During the research period, 2004 to 2014, it appeared the Turkish private sector both enhanced and constrained economic security in the KRI. The Turkish private sector

enhanced some conditions of economic security. For instance, Turkish companies undertook a significant segment of infrastructure recovery and restoration of access to basic services in the KRI. Export companies influenced the dismantling of a war economy and illegal economic networks by participating in the pre-inspection process. Some Turkish companies provided professional opportunities for people through training, skills development and empowerment. The Turkish private sector also appeared to have constrained some conditions related to economic security. Turkish companies rarely supported job creation or to the establishment of public and private sector employment, wage employment and self-employment. The impact of the Turkish private sector on public-private relations appeared to have had a mixed impact. Moreover, there were some economic security conditions such as basic income and poverty alleviation, rehabilitation and diversification of the agriculture sector, development of productive activities for ex-combatants, returnees and impoverished groups, provision of microfinance opportunities, clarification of property rights, macroeconomic development, and provision of well-coordinated, predictable, and multifaceted aid, where the Turkish private sector appeared to have had little impact if any at all. Due to the KRG's pursuit to create a liberal economic framework for the international private sector and the lack of requirements for the Turkish private sector to invest in human capital development, it was largely left to the discretion of these companies to enhance economic security.

In the KRI, economic development expanded at a monumental pace over the last decade. On a macro level, the provision of public services and public works such as schools, hospitals, water supply systems, and roads appears to have taken the KRG down a successful path to combat poverty and enhance economic security. However, at

a micro level, the economic boom had some negative aftershocks, including a severe rise in housing costs, struggle for local workers to find employment with foreign companies, difficulties faced by the local private sector to operate in an emerging market economy in which the rule of law and commercial regulation was also in infant stages, and the woeful neglect of what could be a productive and self-sufficient local agriculture sector. Doing business as usual allows income and gender disparities, social exclusion, employee exploitation, and poor working conditions to continue. Investing in human capital through the advancement and education of the local workforce is crucial. An enormous opportunity will be lost if the KRG fails to leverage the international private sector – in particular, the Turkish private sector – to contribute to the enhancement of economic security. Ensuring foreign companies hire a minimum percentage of local employees, provide training opportunities and a minimum and fair wage, and contribute a social good in exchange for the use of land rent-free, could enhance the engagement of the international private sector in the KRI in the short to long term.

The KRG cannot afford to provide the majority of employment opportunities, especially in times of economic and humanitarian crises. There must be a serious build down of the bloated and inefficient workforce of government employees. However, a dramatic cut in public sector jobs, may well be a political risk that the KRG leadership will not want to take. Therefore, such a radical change in policy would have to be coupled with strong KRG support to a concurrent growth of opportunities in the private sector. Critical to that growth opportunities are much better training and workforce development effort in all professions and at all levels of skills. The KRG, in cooperation with the business community, should begin an intentional policy of privileging and

training the indigenous labor force including IDPs and refugees, to rapidly replace foreign workers, such as professional engineers, technicians, skilled trades, service workers and day laborers. The last decade of interdependent relations with Turkish corporations should serve as a good platform for future success and continued collaboration for Turkey and the KRG.

In 2014, the existential threat of Daesh, concurrent with a drastic reduction in oil revenues due to reduced global oil prices, as well as the continuing burden of housing and feeding approximately 2 million IDPs and refugees, were all problematic to the human security of the KRI. A World Bank report indicated that the economic and humanitarian crises had a significant impact on the economy, which contracted by up to 5 percent. The poverty rate more than doubled, from 3.5 percent to 8.1 percent. It was estimated that it would take between \$66.5 million and \$107.8 million in 2015 to bring poverty in the KRI down to pre-crisis levels. Stabilization costs – the additional spending needed to restore the well-being of KRG residents – were estimated to be about \$1.4 billion, or 5.6 percent of the KRG's non-oil GDP (Karasapan and Kulaksiz 2015, World Bank 2015a). It appears unlikely IDPs and refugees will be able to return to their original homes in the near future. Therefore, it is essential the KRG not only immediately receive its obligatory portion of the Iraqi federal budget, but receives an expanded amount to reflect the relocation of approximately 1.7 million Iraqis that have fled to the KRI for refuge. The KRG has struggled financially to administer services to not only its own citizens, but to a significantly large group of IDPs and refugees. It is imperative Baghdad and Erbil resolve their political dispute over hydrocarbon policy and jointly address human security needs, in order to preempt subsequent violent struggles over political power and resource allocation in the future.

In the current economic crisis and conflict environment, we cannot expect KRG leaders to allocate a significant amount of resources to enhance human security. However, if the KRG is unable to devise and implement a sustainable strategy to tackle threats to human security, the effects of the surrounding protracted crises will worsen. Therefore, the KRG must urgently adopt and execute an economic security framework that includes both monetary and non-monetary factors to make sure socioeconomic development remains on track. A human security approach that emphasizes the empowerment of individuals and groups, social integration, and the economic independence of household units can help strengthen the resilience of the KRI in times of both peace and war. The research undertaken by the Middle East Research Institute, based in Erbil, on the vulnerability of the economy and private sector reform is commendable. A discussion about how the KRG can better utilize the Investment Law and other private sector-related regulations to ensure the Turkish private sector enhances and not constrains economic security in the KRI should prove beneficial. Turkish businesses must understand that by providing better business models, operational strategies, clear job descriptions, decent job opportunities, fair wages, benefits, safe working environments, and opportunities for professional development for individuals from the local labor market will likely witness higher returns, a wider loyal customer base, and overall better performance. There are serious political and economic risks facing the KRI; however, striving for excellence will allow the KRG to devise innovative approaches to address the root causes of conflict and ensure that the pillars of peace are built on a strong foundation.

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Appendices

Appendix 1: Interview Question Example: Turkey-Based Interview

1. Did the project have an impact on public-private relations?
 - How did the company come up with the idea to develop the project?
 - How closely did the company work with the local authorities in developing and implementing the project?
2. Did the project have an impact on the provision of basic income and poverty alleviation?
 - Did the company hire any local staff to help with the project?
3. Did the project have an impact on public and private sector employment, wage employment, and self-employment?
4. Was there a rehabilitation and diversification of the agriculture sector?
5. Did the project have an impact on infrastructure recovery and restoration of access to basic services?
6. Was there a dismantling of a war economy and illegal networks?
7. Was there an expansion of opportunities for people through training, skills development, and empowerment?
8. Were productive activities for ex-combatants, returnees, and impoverished groups developed?
9. Was there a provision of microfinance opportunities?
10. Were property rights clarified?
11. Did the project have an impact on macroeconomic development and job creation?
12. Were social safety nets extended due to the project?
13. Was there a provision of well-coordinated, predictable, and multifaceted aid?

Appendix 2: List of interviewees (in order of newest interviews to oldest)

Interview 1: Bilal Wahab, Lecturer, American University of Sulaymaniyah, November 20, 2015, Istanbul.

Interview 2: Bilal Demirler, Director of Operations, Faruk Medical Center, November 13, 2015, Istanbul.

Interview 3: Alex Munoz, NYU Field Project Director, Center for Peace and Conflict Resolution Studies, Volunteers, Duhok University, September 10, 2015, Istanbul.

Interview 4: Ala Ali, Consultant, UNDP, September 10, 2015, Istanbul.

Interview 5: Choman Hardi, Dr., Assistant Professor, Chair, American University of Sulaymaniyah, September 10, 2015, Istanbul.

Interview 6: Roger Guiu, Research Fellow, Middle East Institute for Research, July 23, Skype Interview.

Interview 7: Peace and Development Consultant, New York University, June 1, 2015, Istanbul.

Interview 8: Bob Sicina, American University, May 19, 2015, Telephone Interview.

Interview 9: Aydin Selcin, Former Consul General of Turkey in Erbil, April 21, 2015, Istanbul.

Interview 10: Regional Expert at a Foreign Policy Institute, April 14, 2015, Washington, DC.

Interview 11: Bayan Rahman, Representative, KRG Office, April 14, 2015, Washington, DC.

Interview 12: Carlo Sdralevich, Deputy Division Chief, Middle East and Central Asia Department, International Monetary Fund, April 14, 2015, Washington, DC.

Interview 13: International Development Consultant, April 10, 2015, Washington, DC.

Interview 14: Expert on the KRI, April 10, 2015 Washington, DC.

Interview 15: Denise Natali, Dr., Senior Research Fellow, National Defense University, April 8, 2015, Washington, DC.

Interview 16: U.S. Army, Officer, Retired, April 7, 2015, Washington, DC.

Interview 17: Expert on the KRI, April 7, 2015 Washington, DC.

Interview 18: Dilshad O. Abubakir, R-Development Assistance Specialist, USAID/Iraq, U.S. Consulate General Erbil, February 11, 2015, Skype Interview.

Interview 19: Fazel Hawramy, Journalist, Guardian Newspaper, February 10, 2015, Skype Interview.

Interview 20: Mohammed Ali Ahmed, Lecturer, University of Sulaimani, January 30, 2015, Skype Interview.

Interview 21: International Development Consultant, January 19, 2015. Istanbul.

Interview 22: Hayder Mustafa Said, Director General, Development Coordination and Cooperation, KRG, Ministry of Planning, December 29, 2014, Skype Interview.

Interview 23: Anonymous Expert on Cross Border Issues, January 27, 2015, Telephone Interview.

Interview 24: Onur Acar, Private Label Projects Manager, Tamek Holding A.S., December 17, 2014, Istanbul.

Interview 25: Anonymous Source, Senior Executive, Atlas Global, December 8, 2014, Istanbul.

Interview 26: Selcuk Ilgaz, General Director, Ilmak Makina Sanayi ve Ticaret A.S., December 8, 2014, Istanbul.

Interview 27: Mehmet Erman Atik, Deputy General Manager, Catoni Maritime Agency, December 5, 2014, Istanbul.

Interview 28: Brady Edholm, Vice President, ExWorks Capital, December 5, 2014, Skype Interview.

Interview 29: Serif Egeli, Chairman of Turkish-Jordan, Vice Chairman of Turkish-U.S.A., Turkish-U.K., Turkish-French Business Councils, Turkish Foreign Economic Relations Board, December 2, 2014, Istanbul.

Interview 30: Toon Bijnens, Iraqi Civil Society Solidarity Initiative, December 2, 2014, Skype Interview.

Interview 31: Mete Gurel, Director, Energy Group, Dogan Holding, November 25, 2014, Istanbul.

Interview 32: Harun Ulufi, Responsible for Export Sales, SPK Pipes and Fitting Sanayi and Ticaret A.S., November 18, 2014, Istanbul.

Interview 33: Muzaffer Akboga, Key Account Sales Manager, TemSA Company, November 18, 2014.

Interview 34: Cihangir Tasdelen, Turkish Contractors Manager / ORA Region: Middle East, Africa, Russia & CIS, Construction Chemicals Division, BASF Company, November 17, 2014, Istanbul.

Interview 35: Serdar Eroglu, Managing Director, F.H. Bertling Lojistik ve Uluslararası Nakliyat Ltd. Sti., November 17, 2014, Istanbul.

Interview 36: Idris Sariaydin, General Manager, Head Office, Acibadem Hospital, November 13, 2014, Istanbul.

Interview 37: Senior Official, KRG, November 13, 2014, Istanbul.

Interview 38: Baybars Velibeyoglu, Export Sales Representative, Eti Gida Sanayi and Ticaret A.S., November 7, 2014, Istanbul.

Interview 39: Representative, International Faith Based Organization in Erbil, November 6, 2014, Skype Interview.

Interview 40: Jeff Hakko, Vice Chairman, Vakko Holding, November 4, 2014, Istanbul.

Interview 41: Burak Bahar, Area Manager – International Sales Middle East, Arcelik A.S., November 3, 2014, Istanbul.

Interview 42: Guray Pamuk, International Marketing Executive, Middle East and Gulf Region, Arcelik A.S., November 3, 2014, Istanbul.

Interview 43: Emir Polater, International Country Manager, Middle East, Arcelik A.S., November 3, 2014, Istanbul.

Interview 44: Burak Gorbon, Executive Director, Russell Reynolds Associates, October 31, 2014, Istanbul.

Interview 45: Soner Cakilkaya, District Sales Manager, Ege Seramik, October 30, 2014, Istanbul.

Interview 46: Anonymous Senior Executive, October 29, 2014, Istanbul.

Interview 47: Deniz Kutlu, Managing Partner and Consultant, Shedu International Trade and Consulting, October 18, 2014, Istanbul.

Interview 48: Ulas Gulbay, Export Region Manager, Kaleseramik Çanakkale Kalebodur Seramik San. A.S., October 10, 2014, Istanbul.

Interview 49: Anonymous Tax expert, Tiller, September 17, 2014, Telephone Interview.

Interview 50: Aykut Altin, Business Manager, Enka Construction, September 9, 2014, Facetime interview.

Interview 51: Cagri Okur, Civil Engineer, Tekfen Construction and Installation Co., Inc., September 8, 2014, Istanbul.

Interview 52: Fatih Can, Proposals Coordinator, Tekfen Construction and Installation Co., Inc., September 8, 2014, Istanbul.

Interview 53: Suleyman Ciliv, President, 77 Construction and Contracting Company, August 27, 2014, Istanbul.

Interview 54: Erdal Yenigun, Board Member, Yenigun Construction, August 27, 2014, Istanbul.

Interview 55: Turkish government official, Ministry of Economy, August 22, 2014, Ankara.

Interview 56: Turkish government official, Ministry of Foreign Affairs, August 22, 2014, Ankara.

Interview 57: Cuneit Karacasu, Vice President, Yuksel Construction, August 22, 2014, Ankara.

Interview 58: Timucin Onogur, Business Development and Sales Director, Sa-Ra Energy, August 22, 2014, Ankara.

Interview 59: M. Rifat Hisarciklioglu, President, The Union of Chambers and Commodity Exchanges of Turkey, August 22, 2014, Ankara.

Interview 60: Sarp Kalkan, Senior Policy Adviser, TOBB, Ankara, August 22, 2014.

Interview 61: Nihat Ali Ozcan, Dr., Security Analyst, Economic Policy Research Foundation of Turkey, August 21, 2014, Ankara.

Interview 62: Esen Caglar, Deputy Managing Director, The Economic Policy Research Foundation of Turkey, August 21, 2015, Ankara.

Interview 63: Yasar Giregiz, President, Member, Board of Directors, Fernas Construction, August 21, 2014, Ankara.

Interview 64: Serhat Erkmen, Dr., Director of Research Center, 21st Century Turkey Institute, Center of Middle East and Africa Researches, August 20, 2014, Ankara.

Interview 65: Renas Elci, President, Renas Company, August 20, 2014, Ankara.

Interview 66: Ali Arslanoglu, Logistics Manager/Civil Engineer, Tepe Construction, August 20, 2014, Ankara.

Interview 67: Anonymous Associate, Tepe Construction, August 20, 2014, Ankara.

Interview 68: Cigdem Cinar, Deputy Secretary General, Turkish Contractors Association, August 19, 2014, Ankara.

Interview 69: Haluk Buyukbas, Secretary General, Turkish Contractors Association, August 19, 2014, Ankara.

Interview 70: Foreign Service Officer, Global Affairs Canada, August 18, 2014, Ankara.

Interview 71: Fulya Ozerkan, Journalist, Agence France-Presse, August 14, 2014, Ankara.

Interview 72: Bilal Guzel, Park View Project Coordinator, Ilci Construction, August 13, 2014, Facetime Interview.

Interview 73: Burak Talu, Executive Board Member, Dogus Construction and Trade Inc., August 6, 2014, Istanbul.

Interview 74: Hasan Tahsin Bagci, Executive Board Director, STFA Construction Group, July 25, 2014, Istanbul.

Interview 75: Halil Dilek, Vice President – Special Projects, STFA Construction Group, July 25, 2014, Istanbul.

Interview 76: Aydin Toprakli, Iraq Project Manager, Kalyon Construction Sanayi ve Ticaret A.S., July 18, 2014, Istanbul.

Interview 77: Cetin Dayioglu, Deputy General Manager, Makyol Construction, July 15, 2014, Istanbul.

Interview 78: Mustafa Mente, Secretary General, Turkish Exporters Assembly, April 28, 2014, Istanbul.

Interview 79: Altay Atli, Dr., Research Fellow, Asian Studies Center, Bogazici University, April 8, 2014, Istanbul.

Interview 80: Ercument Aksoy, Chair, Turkey-Iraq Business Council, Turkish Foreign Economic Relations Board, April 7, 2011, Istanbul.

Interview 81: Hawre Hassari, Branch Manager, Ashur International Bank for Investment, January 14, 2014, Skype Interview.

Interview 82: U.S. Ambassador, Retired, November 21, 2013, Istanbul.

Interview 83: Michael Howard, Senior adviser, KRG Ministry of Natural Resources, November 1, 2013, Istanbul.

Interview 84: Gilles Valentin, Editorial Director, The Oil & Gas Year, November 1, 2013, Istanbul.

Interview 85: Dean Katsiyannis, Senior Diplomat, U.S. Army Foreign Area Officer Corps, U.S. Embassy, Ankara, September 5, 2013, Istanbul.

Interview 86: Amberin Zaman, Journalist, Economist, September 5, 2013, Istanbul.

Interview 87: Political Officer, Consulate General of the U.S. in Istanbul, September 5, 2013, Istanbul.

Interview 88: International Development Consultant, December 2, 2012, Istanbul.

Interview 89: International Oil and Gas Expert, April 5, 2012, Istanbul.

Interview 90: Political Officer, Consulate General of the U.S. in Istanbul, March 7, 2012, Istanbul.

Interview 91: International Lawyer, February 1, 2012, London.

Interview 92: Zeynep Aydin, CEO, Midyat Ithalat Ihracat, Ltd., Sti., March 1, 2011, Istanbul.

Interview 93: International Military and Development Consultant, October 1, 2010, Istanbul.

Interview 94: Joost Hiltermann, Middle East North Africa Program Director, International Crisis Group, September 17, 2010, Istanbul.

Interview 95: Ralf Erbel, Resident Representative in Jordan and for Lebanon, Syria and Iraq, Friedrich Naumann Foundation for Liberty, May 21, 2010, Istanbul.

Interview 96: Volker Prethes, Prof. Dr., Director, German Institute for International and Security Affairs, May 20, 2011, Berlin.

Interview 97: Markus Potzel, Head of Middle East Division, Federal Foreign Office, Germany, May 20, 2011, Berlin.

Interview 98: Turkish Businessman, March 29, 2011, Istanbul.

Interview 99: Iraqi Kurdish Professor, November 2, 2009, Istanbul.

Interview 100: Iraqi Kurdish Professor, November 3, 2009, Istanbul.

Interview 101: Carole A. O'Leary, Program Director and Scholar-in-Residence for Middle East Programs, Center for Global Peace, American University, November 2, 2009, Istanbul.

Interview 102: Malik Mufti, Dr., Professor, Department of Political Science, Tufts University, May 25, 2010, Ankara.

Interview 103: James Jeffrey, U.S. Ambassador to Ankara, May 25, 2010, Ankara.

Interview 104: Semih Idiz, Columnist, Milliyet, May 25, 2010, Ankara.

Interview 105: Guven Sak, Dr., Founder and Executive Director, Economic Policy Research Foundation of Turkey, May 25, 2010, Ankara.

Interview 106: Dogu Ergil, Columnist, Today's Zaman, May 8, 2010, Istanbul.

Interview 107: International Development Consultant, October 12, 2009, London.

Endnotes

ⁱ The Partiya Karkeren Kurdistan, or PKK, is an internationally recognized terrorist organization.

ⁱⁱ In 1991, on the basis of UN Security Council Resolution 688, the U.S., U.K., France, and Turkey launched Operation Provide Comfort to protect and provide humanitarian assistance to mostly Kurds who had fled to the Iraqi border with Turkey.

ⁱⁱⁱ Daesh does not represent mainstream Islam; therefore, I choose to use the Arabic name “Daesh” throughout this dissertation.

^{iv} On March 1, 2003, the Turkish Grand National Assembly (TBMM) voted 264-251 on a ruling that would have authorized American troops to launch an invasion of Iraq from Turkey. Under Turkish parliamentary rules, a majority of Members of Parliament (MPs) present needed to vote “yes” for the ruling to pass. Since 19 MPs abstained, the measure failed by three votes (Martin 2012, 232-233).

^v The U.S.-Iraq Status of Forces Agreement (SOFA) was signed by President George W. Bush in 2008. Under the SOFA U.S. combat troops were to withdraw from Iraqi cities by June 30, 2009 and all U.S. combat forces were to leave Iraq by December 31, 2011.

^{vi} According to Kirisci, the term “Anatolian Tigers” is used for cities located in Anatolia, which experienced an economic boom in the 1980s.

^{vii} In 2009, the Kurdistan National Assembly was renamed the Kurdistan Region Parliament.

^{viii} Note that the spelling of Sulaimani is only used with reference to the University of Sulaimani. Otherwise, the city is spelled Sulaymaniyah throughout the dissertation unless referring to a specific reference.

^{ix} 2,012.28 million ID = 1,729.06 million USD on September 24, 2014.

^x Foras means “opportunity” in Arabic.

^{xi} Exchange rate taken on November 29, 2015 www.xe.com

^{xii} 2,012.28 million ID = 1,729.06 million USD on September 24, 2014.

^{xiii} 5 million ID = 4,365 million USD on December 27, 2014.

^{xiv} 25 billion ID = 21,825,000 USD on December 27, 2014.

^{xv} The KRG’s official languages are Kurdish and Arabic. The two most widely spoken dialects of Kurdish are Sorani and Kurmanji with Gorani and Zaza being spoken in smaller numbers. In addition, Assyrian Neo-Aramaic, Chaldean, Neo-Aramaic and Turkmani are spoken in the KRI.

^{xvi} Ibrahim Tatlis, born in Sanliurfa, Turkey, is a Turkish folk singer and former actor with Kurdish origin. Tatlis, also a businessman, led several construction projects in the KRI. In November, 2013, labeled the “Diyarbakir encounter,” Turkish Prime Minister Recep Tayyip Erdogan, KRG President Masoud Barzani, Ibrahim Tatlis and Kurdish singer, Shivan Perwer, whose music was banned and fled Turkey in 1976, came together in Diyarbakir to promote the peace process.